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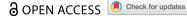
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# Informality, Paradiplomacy, and Cross-Border Cooperation: The Development of Tourism on Bintan Island, Indonesia

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#### **ABSTRACT**

This article examines how informality has enhanced the ability of the local government in Indonesia's Bintan Island to achieve cross-border cooperation for tourism development, despite the constraints imposed by the central government. The local government, the article illustrates, has negotiated between the development of the local tourism industry and its increasingly tense relations with the central government by using informality through patron-client relations. Informality has enabled the local government to mobilise private actors as proxies in its pursuit of cross-border cooperation. The government has also used international standards that govern the tourism industry in designated Free Trade Zones to accommodate local needs, such as employment. Informality provides local stakeholders with benefits from cross-border cooperation while simultaneously providing flexibility for foreign capital to operate in the region. The article concludes that informality is both an instrument that the local government can strategically use to circumvent the powers of the central government and something that local elites can use to maintain and expand patron-client relations to achieve their political and economic interests.

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Informality: patron-client relations: cross-border cooperation; paradiplomacy; tourism governance: Indonesia; Bintan Island

#### Introduction

Cross-border cooperation is an important means of developing border regions due to its ability to integrate economic activities and generate international exchanges (Sparke et al., 2004). It can increase economic activity in border regions as well as reduce the uncertainties inherent in cross-border transactions (Sohn, 2014). States can enhance cross-border cooperation via a process of reterritorialisation of economic activity that transcends the spatial framework of the nation-state (Sassen, 2008). Cross-border cooperation is thus both a functional space and a socio-territorial unit equipped with some strategic importance.

Given the continuing importance of the state to international politics, some studies have focused on how subnational paradiplomacy can enhance cross-border cooperation.

Paradiplomacy can build capacity at the subnational level, ensure regional development, and increase international exposure for local economies. However, formal cross-border cooperation conducted by local and regional governments often encounters legal constraints (Anderton & Setzer, 2018), even where central governments support and encourage the involvement of subnational actors in international affairs.

This is particularly true for unitary states in the Global South that still adhere to Westphalian notions of sovereignty. There is a growing acceptance that subnational governments have a role to play in international decision-making, but in practice these governments are not fully recognised in international law (Anderton & Setzer, 2018). The limited capacity of these actors to engage in international affairs may thus hinder the deepening of cross-border cooperation (Karim, 2019). Stakeholders at various levels of government have an interest in, and have contested, this form of cooperation (Bramwell & Meyer, 2007), which affects the capacity of local governments in border regions to reap the benefits of cooperating with neighbouring countries.

To better understand this form of contestation, this article investigates the governance of cross-border cooperation in the tourism sector in Bintan Island, in Indonesia's Riau Islands Province. An island located near Singapore, Bintan is a *kabupaten* (regency) within the Indonesian republic. In 1994, Indonesia, Malaysia, and Singapore established the Singapore–Johor–Riau (Sijori) subregional cooperation framework (Sparke et al., 2004), and in 2007, Bintan Island became a Free Trade Zone (FTZ) to attract further foreign investment and tourism, especially from Singapore. Despite its proximity to Singapore and the Indonesian government's desire to enhance Bintan as a destination for international tourists, the local government's ability to conduct cross-border cooperation has been limited. To overcome these limitations, the Bintan government has pursued an alternative route of cooperation through informality.

Previous studies of border regions have conceptualised cross-border cooperation as consisting of both formal and informal practices. Most references to informality emerge in the context of discussions about how regional identities, social networks, trust, and personal connections enhance cross-border cooperation (Stoffelen & Vanneste, 2018; Xheneti et al., 2013). The roles of subnational governments, meanwhile, are usually discussed in terms of formal diplomacy, such as institutional cooperation through sister cities and subregional cooperation (Kossa et al., 2021; Tubilewicz, 2017). How subnational governments use informality to conduct cross-border cooperation, however, has been understudied. This article aims to address this gap by exploring the informal aspects of cross-border cooperation that subnational actors pursue.

We argue that the lack of formal and legal space provided by central governments drives local governments to use alternative forms of informal cooperation. This enables subnational actors to mobilise domestic political and economic resources while also enhancing international cooperation to benefit their regions. Informality is thus not defined merely in terms of its institutional or legal context but as a way for subnational governments to sustain developmentalist economic projects by mobilising resources and instruments outside of their formal functions. Local governments can use informality strategically to circumvent rigid institutional constraints on cross-border cooperation, and it allows local elites to maintain and expand patron–client relations to achieve their political and economic interests.

Bintan's subnational government has enhanced and benefitted from international cooperation through two interrelated strategies: using private actors as a proxy to conduct international cooperation, and appropriating international standards to meet substandard local contexts. These strategies, we maintain, have allowed the local government to benefit from cross-border cooperation while ensuring flexibility for foreign capital in Bintan. Informality has thus reduced contestation between local and central governments in the development of the tourism sector and spurred on cross-border cooperation.

This study is based on extensive field research conducted in Bintan, in the form of semi-structured interviews and focus group discussions with 42 government officials, business owners and managers, representatives of local communities, and academics. Most of the business owners we interviewed in Bintan employ between five and 50 workers, mainly in international hotels situated in the Lagoi area. We also interviewed village heads and individuals in the area. To complement the interviews, we organised four focus groups. These discussions allowed us to identify and clarify points of consensus among the informants that would otherwise be difficult to obtain solely based on individual interviews.

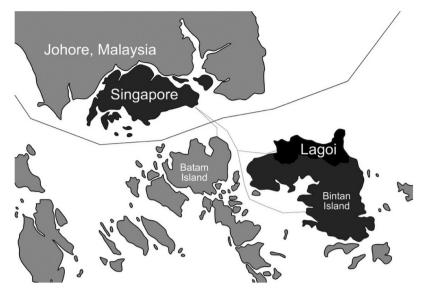
The article proceeds as follows. First, it develops a conceptual framework by connecting notions of cross-border cooperation, subnational paradiplomacy, and multi-scalar contestation. Next, the article discusses informality as a strategy for conducting crossborder cooperation in the context of the unitary state. Finally, it illustrates how informality has operated in cross-border cooperation in the case of Bintan Island.

# **Cross-Border Cooperation, Multi-Scalar Institutions, and Subnational Paradiplomacy**

Since the end of the Cold War, border regions have become an engine of economic growth in Southeast Asia. These regions have flourished due to sub-regional cooperation through growth triangles, which have been a key strategy for increasing cooperation between members of the Association of South East Asian Nations (ASEAN) (Grundy-Warr et al., 1999). Driven by central governments, sub-regional cooperation has nurtured various economic activities in border regions, ranging from industrial parks to tourism development zones.

Within Indonesia, the Province of Riau Islands has been the most internationalised border region. Batam Island has been Singapore's investment centre for industrial activities, but Bintan Island has been targeted for investment in tourism. Since the 1990s, foreign investment has transformed Bintan into a tourist destination for foreign tourists, especially Singaporeans. The need for capital to develop its border regions has forced the Indonesian government to make Bintan attractive for the development of international tourism (Sparke et al., 2004). Singapore, meanwhile, has used the Singapore Tourism Board (STB) as a 'second wing' or 'external arm' to develop tourist facilities in areas such as Bintan (Chang, 2001).

Tourism development in Bintan is an example of top-down cross-border planning, and is best illustrated by the Lagoi tourist enclave, a gated community of approximately 24,000 hectares that is one-third of the size of Singapore (see Figure 1). In 1990, the Singapore-owned Bintan Resort Development Corporation (now known as Bintan



**Figure 1.** Lagoi Free Trade Zone on Bintan Island Source: Created by the authors

Resort Cakrawala, or BRC) began the development of the enclave (Ford & Lyons, 2006). By the early 2020s, the zone contained 17 international resorts (Interviews 25 and 27, 2021). According to Bunnel et al. (2006), Bintan's tourist sector has been reterritorialised from Indonesia's periphery into a hinterland of the Singaporean economy that is separated from the rest of Indonesia. This reterritorialisation has unfolded with the strong support of Indonesia's central government.

The collapse of the authoritarian Suharto regime in 1998 and the emergence of decentralisation in the early 2000s have transformed tourism in Indonesia's border regions. This transformation has enabled local communities to have a voice in the development of tourism, which had previously been carried out entirely by the central government (Cole et al., 2021; Wardana, 2014). Tourism development has offered subnational governments an opportunity to develop their own strategies for enhancing international cooperation, although Indonesia adheres to the Westphalian notion of the unitary state in its international relations (Situmorang et al., 2019). Paradiplomacy has thus become part of the lexicon of Indonesia's foreign relations, especially as a strategy for local governments to develop their regions through cross-border cooperation. Another source of impetus for paradiplomacy has been Indonesia's emergence as a middle power with an increasingly active role in regional and global affairs (Karim, 2021), which has empowered both the central government and subnational ones.

Paradiplomacy is usually defined as international activities initiated by subnational actors, and is particularly relevant when it helps these actors address cross-border cooperation (Lecours, 2008). Subnational governments, particularly in East Asia, mainly pursue paradiplomacy with economic motivations in mind, but these endeavours are most effective when accompanied by strong support from, and coordination with, central governments (Kossa et al., 2021).

Recent studies tend to view subnational governments' engagement in international relations within the context of geopolitics, as paradiplomacy has both economic and strategic dimensions (Tidwell, 2021). In China, most instances of paradiplomacy by municipal governments relate to the Belt and Road Initiative, a grand strategy initiated by the central government. Paradiplomacy can improve relations with neighbouring countries when ties between central governments are tense. Subnational governments can help to mitigate the consequences of poor inter-state relations (Makarychev & Kuznetsova, 2022).

In Indonesia, paradiplomacy has become the main strategy used by subnational actors to foster international cooperation in their local areas. This strategy is increasingly common due to local governments being permitted to conduct international cooperation through a revision to the law governing regional government in 2014. This revision enabled regional governments to take the initiative in conducting foreign cooperation to improve local economic outcomes, but the cooperation that they can pursue remains limited. Formal agreements enacted by local governments still require the approval of the central government before they can be implemented.

One sector where local governments have pursued international cooperation with the strong support of the centre is tourism, especially in border areas. Tourism has been suggested as a way for Indonesia to enhance regional integration by increasing intra-ASEAN travel (Fardhiyanti & Wee, 2022). Before the COVID-19 pandemic, Indonesia aimed to have four million foreign tourists visit its border regions in 2020 (Ministry of Tourism and Creative Economy, 2019). Despite this strong central support, the establishment of formal cross-border cooperation in the periphery has been hindered by the highly politicised nature of this type of diplomacy (Farmaki, 2015). Political contestation and the competing interests of policymakers at each level of government are crucial to understanding the development of cross-border tourism (Stoffelen et al., 2017).

Contestation has been an unintended result of decentralisation in Indonesia: subnational governments have had a greater – albeit limited – capacity to pursue international and cross-border cooperation, but different tiers of government, primarily the centre and the periphery, have attempted to pursue their own agendas too (Karim, 2019). The absence of a strong central government operating in the border regions has led to the emergence of multiple stakeholders, all operating at different scales in cross-border cooperation governance (Jessop, 2003; Perkmann & Sum, 2002). Without strong and well-coordinated governance to manage scalar processes, the likelihood of contestation is high (Hall, 2011; Milne & Ateljevic, 2001). Thus cross-border cooperation requires the actors involved to create socially and spatially inclusive structures in developing the tourism industry (Adiyia et al., 2015).

Given such constraints in enhancing formal cross-border cooperation within national structures, it is worth exploring how this form of cooperation might occur through less formal means (Princen et al., 2016). Cross-border cooperation may incur high net transaction costs due to the need to coordinate between multiple stakeholders in different positions of power (Liesbet & Gary, 2003), so informal arrangements may be a way to lower these costs and reduce conflict (Weidenfeld, 2013).

### Informality as a Strategy in Cross-Border Cooperation

Informality in governance refers to non-codified settings of day-to-day interaction concerning policy issues that are not structured by pre-established rules or formal institutions (van Tatenhove et al., 2006, 17). Political economists have demonstrated how informal connections, rooted in trust and social networks, can address coordination problems between corporations and governments (Varró, 2016; Weiss, 2021). Informality is also discussed in the literature on citizenship studies, where it is used to illustrate how citizens navigate their interaction with the state within a messy but lively sphere populated by brokers and informal networks (Berenschot & van Klinken, 2018). Little is known, however, about how informality is used by subnational state actors to enhance their strategic agenda.

In cross-border governance research, informality is often viewed through soft instruments, such as identity, networks, and personal connections (Nadalutti, 2015; Paasi, 2003). Mobilising regional identity can facilitate cross-border tourism governance by reducing perceived barriers, stimulating internal discussions, and promoting a cohesive external image (Stoffelen & Vanneste, 2017, p. 8). Additionally, regional identity can support local-level strategic planning that may diverge from centralised visions (Paasi, 2003).

For Nienaber and Wille (2020), informal cross-border cooperation can be examined through three lenses: networks, governance, and territorialisation. Networks arise from personal ties that fulfil participant needs, while informal governance involves increasing private actor involvement in cross-border cooperation. Informality is also tied to reterritorialisation, allowing borders to become malleable and serve as social, cultural, political, and economic constructs. Subnational actors can then play a significant role in international relations, usually the domain of national governments (Liberato et al., 2018; Paasi, 2003; Stoffelen & Vanneste, 2017).

Our understanding of informality draws on Urry's distinction between 'scapes' and 'flows'. Scapes represent organisational structures, while flows are fluid local-level interactions (Urry, 2000). Emphasising flows in tourism, particularly in Asia, can encourage organic entrepreneurship and allow capitalism to emerge 'from below' (Winter, 2007). Informality is thus seen as a means of enhancing flows in cross-border tourism cooperation while navigating the limitations of paradiplomatic 'scapes'.

Previous studies on informality in European cross-border cooperation have focused on the development of informal, trust-based governance through partnerships with local communities, subnational governments, and the private sector. However, our focus is on how subnational governments use informality to overcome the rigidity of formal regulations. This is particularly relevant in the Global South, where borders and the unitary state concept are more entrenched than in Europe.

In this article, we do not view informality as an 'aberration' or 'deviation' that should remain outside the purview of the study of diplomacy. Nor does informality imply a lower quality of international cooperation. Instead, we propose that the lack of legal and formalised institutions helps to strengthen subnational governments' ability to conduct cross-border cooperation (Paasi & Zimmerbauer, 2016).

Building on Berenschot and van Klinken (2018), we define informality as a mode of state interaction with foreign counterparts using resources beyond formal state

hierarchies and coordination, including private actors for cross-border cooperation creation, implementation, and management. Informality enables subnational governments to operate in complex environments while managing scalar contestation within the state.

Informality should be seen within the 'from government to governance' debate that has changed how we see the role of the state. This shift has hollowed out the state, with its functions and power being delegated to local actors, the private sector, and international organisations (Jessop, 2013, 11). While the Indonesian state has also experienced this 'hollowing out' process, the central government remains strong and has sought to reclaim its centrality to a complex web of transnational governance by strengthening national laws (Astari & Lovett, 2019). As a result, the Indonesian state has remained relatively unitary, as illustrated by its attempts to re-centralise the management of border regions through the creation of the National Border Management Agency (BNPP), whose leader reports directly to the president.

Based on interviews and focus groups, we identify two main strategies subnational governments employ to make use of informality: performing state functions through private actors and appropriating international standards to suit local contexts. These strategies characterise cross-border cooperation in Indonesia's border regions, particularly in the tourism sector. Subnational governments leverage personal connections with the private sector to perform state functions, collaborating with non-state actors due to formal cooperation limitations.

Indonesian subnational governments also adapt international standards for crossborder cooperation. In Bintan, tourism, driven by international capital, prompts local adoption of international standards, guiding tourism sector development in Free Trade Zones (FTZs). International standards are sometimes contextualised to accommodate local actors who may not meet them. The local government collaborates with international companies to develop localised certification programmes and establish tourism education institutions for the local community. This approach reduces contestation from local actors while ensuring investor longevity.

We further show that, in the Indonesian context, informality in cross-border cooperation is enabled by patron-client arrangements between the government and the private sector at the local level. As Aspinall (2013, 31) suggests, state fragmentation in post-authoritarian Indonesia has created a marketplace of competing patrons without a supreme patriarch. In Indonesia and Southeast Asia, patronage politics, rather than trust and social networks, drive deeper cross-border cooperation (Varkkey, 2012, 316).

Understanding informality in this way reveals it as a continuous process and outcome of power dynamics between central governments and local actors. Informality allows subnational governments to bypass rigid institutional arrangements for cross-border cooperation and reflects local officials' reliance on alternative power structures, such as patron-client relations. Informality thus serves as both a strategy used by local governments and a force that maintains and expands patron-client relations to achieve local elites' political and economic interests.

### **Understanding Cross-Border Cooperation in Bintan's Tourism Sector**

Previously dominated by the mining industry, Bintan has transformed into a tourist destination in recent decades. This transformation has occurred within a broader context of regional economic development in Indonesia. In the Suharto era, the state used the private sector to develop the Bintan region. The creation of the Batamindo Industrial Park in 1990 symbolised the delegation of government functions to private companies, where workers were subject to the disciplinary power of multinational corporations instead of government regulation. The private sector provided the basic utilities that should have been provided by the state, such as electricity, water, and health clinics (Lindquist, 2008).

What differentiates previous practices from more recent ones is the contestation between various governments over where central authority ends and regional autonomy begins in cross-border cooperation. Under Suharto, the centre represented the state and had the sole authority to delegate government functions to the private sector. In the post-authoritarian period, such delegation is expected to provide mutual benefits for many political actors at different levels of government. Local governments and politicians want to maintain and expand their patron–client relations with private businesses in their areas. In this context, the limitations of local governments in developing international cooperation can be offset by delegating power to the private sector. <sup>1</sup>

Bintan's transformation was driven by cooperation between the Singaporean and Indonesian governments with the development of the Lagoi area in 1996. Lagoi covers around one-quarter of the total area of Bintan Regency, of which about half has so far been used (Interview 23). Lagoi is managed by BRC, which is majority-owned by a Singaporean entity, Gallant Venture Ltd. In 2007, the Indonesian government designated Lagoi as an FTZ, and numerous international resorts have been built in the area. In 2019, prior to the outbreak of COVID-19, hotel and restaurant tax contributed around IDR 320 billion in taxes and levies to Bintan Regency's income, representing 62 per cent of total revenue (see Table 1).

Singapore's investment in Bintan Island can be seen as an expansion of its activities in Batam Island. While its investments in Batam Island have focused on manufacturing, those in Bintan have focused on tourism. These investments have made Singapore a transportation and logistics hub between Southeast Asia and the rest of the world. For Indonesia, the cooperation has enabled Bintan to expand its tourism sector. The number of international visitors increased from almost 490,000 in 2017, to 663,000 in 2018, and just over 800,000 in 2019 (see Table 2). Lagoi has been a big beneficiary of these visits: in 2016, it received 676,034 international and domestic tourists, and the number increased in 2018 to more than 1 million arrivals (see Figure 2).

In Indonesia, Bintan is a barometer for the success of the policy goal of developing the tourism sector beyond Bali. The Riau Islands have become the second largest destination for foreign visitors after Bali, contributing more than 17 per cent (2.35 million) of all visits to Indonesia. The development of Bintan's tourism sector was one of the six priority areas of economic cooperation between Indonesia and Singapore for the government of President Susilo Bambang Yudhoyono (2004–2014). Under the presidency of Joko Widodo (2014–present), tourism has been designated as a leading sector of Indonesia's economic development, alongside agriculture and fisheries. One of the main ideas behind Widodo's push for tourism is to develop tourist destinations on Indonesia's periphery, which explains the emphasis on Bintan.

Table 1. Tourism Sector's Contribution to Bintan Regency's Revenue (in IDR)

			Year	ar		
Income	2015	2016	2017	2018	2019	2020
Total regional income	177,688,655,378	167,177,712,950	191,299,539,912	220,965,788,507	320,649,707,674	117,325,580,429
Tax income from tourism sector	90,792,544,882	101,937,387,242	116,620,562,604	137,303,632,695	149,443,782,791	40,685,572,046
Tax income from Lagoi	83,589,366,771	91,732,739,423	104,138,648,752	115,926,335,852	119,138,138,094	32,069,349,178
Percentage of tourism sector to overall regional income	51%	61%	61%	97%	47%	35%
Income from Lagoi to tourism sector (percentages)	95%	%06	%68	84%	%08	%62
Source: Interview with Bintan Tourism Official (2021)						

Table 2. Foreign Tourists Visiting Bintan (2010–2020)

						Year					
International Tourism Visits	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Bintan	411,899	443,533	440,332	417,747	418,533	395,189	398,653	489,474	663,002	804,099	82,934
Riau Islands	1,108,354	1,265,978	1,327,107	1,441,319	1,554,892	1,642,484	1,521,579	1,650,488	1,972,002	2,060,696	328,314
Indonesia	7,002,944	7,649,731	8,044,462	8,802,129	9,435,411	10,230,775	11,519,275	14,039,799	15,810,305	16,106,954	4,052,923
TOTAL	22%	22%	22%	21%	21%	20%	17%	15%	17%	18%	10%

Source: compiled from various sources: Ministry of Tourism Strategic Plan 2015–2019, Ministry of Tourism and Creative Economy
Performance Accountability Report 2020, Riau Island Province's Medium Term Development Plan 2010–2015, Riau Island Province's Medium Term Development Plan 2016–2022, Riau Island Province's
Medium Term Development Plan 2021–2026, Bintan Regency's Medium Term Development Plan 2010–2021

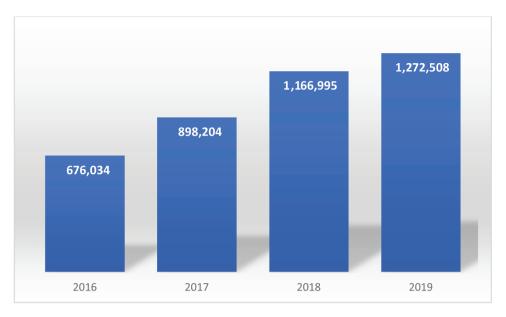


Figure 2. Tourist arrivals in Lagoi (2016–2019) Source: Interview with PT BRC Management (2021)

### Mobilising private actors

Given this prioritisation of tourism and the goal of making Bintan a locus of these efforts, the local government has actively pursued international cooperation to further these goals. It has mobilised private actors to pursue these goals, however, because Indonesian law limits the capacity of local governments to directly engage in international cooperation. For instance, all formal agreements between local governments and international entities should be reviewed by ministers in the central government, and cooperation that requires public funding must first be discussed with the centre through a long process of deliberation.

Despite such limitations, Bintan's local government has promoted international events that require it to cooperate with international entities. A case in point is the Ironman 70.3 triathlon event. Ironman, which requires athletes to prove their agility and endurance by swimming 1.9 km, cycling 90 km, and running 21.1 km, is one of the largest sporting events in the world. In Bintan, the Ironman event has been held since 2012, thanks to informal cooperation between the local government, BRC (the operator of Lagoi), and Metasport (a Singaporean event organiser). Due to the success of the event, the central government has designated Ironman as one of Indonesia's top 10 events for tourists.

As a high-ranking official from the Bintan government stated (Interview 14), the Ironman event, along with the Tour de Bintan and Bintan Triathlon, puts the island on the tourist map for international visitors. The event has contributed to the phenomenal growth of Bintan's tourism sector: the Regency Government's revenue of IDR 177.6 billion (US\$12.5 million) in 2015 almost doubled in 2019 to IDR 320.7 billion (US\$22.5 million). In 2015, the tourism sector contributed IDR

90.8 billion (US\$6.4 million), or 51 per cent of Bintan's revenue, before growing to IDR 149 billion (US\$10.5 million) in 2019 (49 per cent of the local government's income). Specifically, the Lagoi area contributed IDR 83.6 billion (US\$5.9 million) or 92 per cent of Bintan's tourism revenue in 2015. Lagoi's contribution grew to IDR 119.14 billion (US\$8.4 million) in 2019, or 80 per cent of Bintan's tourism revenue. This demonstrates how important Lagoi is for Bintan's tourism sector as well as for government revenue.

The Bintan Regency Government's management of the tourism sector illustrates how informality can enhance international cooperation. For example, since 2015, the local government has used patronage politics, rather than formal agreements, to facilitate the hosting of the Ironman event by working with the BRC-owned international resorts. BRC has acted as a proxy for the government in coordinating with other actors involved in the event. Informality was likely chosen because formal agreements with international entities require a lengthy and time-consuming bidding process. Combined with the local government's limited funds, it is highly unlikely that formal agreements could even be established. Moreover, formal cooperation with the private sector would require the involvement of the central government. Creating direct relations with private businesses operating in Bintan Island provides the local government with a network through which to maximise its local interests.

In the absence of formal agreements, the Bintan government has instead appealed to the economic interests of local actors to ensure smooth cooperation. The local government has enhanced Bintan's image as a tourism destination without investing significantly in human resources and formal international agreements. Officials from the local government who were responsible for the Ironman event said that Bintan only contributed 10 per cent of the event's budget between 2015 and 2019 (Interviews 14, 36, and 37). These contributions were not in the form of funds given to the organisers but rather involved the procurement of goods, such as road repairs that do not require tender processes. Thus, the local government's expenditure for Ironman was already planned and approved.

The largest contributors to the Ironman event between 2015 and 2019 were BRC and Metasport Singapore. The total cost of holding the event for this period was approximately IDR 7 billion per year (almost US\$500,000). Between 2015 and 2017, international sponsors such as Swiss Bell Hotel covered these costs, while in 2018 and 2019, Indofood, a local company which is a subsidiary in the same group as BRC, sponsored the event (FGD 2, 2021). The local government contributed IDR 750 million (about US\$53,000) for promotion, while other operating costs were shared between BRC and Metasport (Interview 23, 2021).

For BRC, the event adds to the attractiveness of Lagoi as an international destination, as it brings in many foreign tourists, especially from Singapore. According to BRC, 80 per cent of visitors to Bintan who depart from Singapore's Tanah Merah Ferry Terminal go directly to the Bandar Bentan Telani Ferry Terminal in Lagoi. This means that most visitors initially stay at resorts in the Lagoi area, before travelling to other parts of Bintan. By holding the Ironman competition in Lagoi, BRC can benefit significantly from foreign visitors.

In holding the event in Bintan, the division of labour is as follows. Metasport, the event organiser, collaborates with the owner of the Ironman brand to attract triathletes from across the world. BRC acts as the local committee providing the venue and technical team. The local government, especially the Bintan Tourism Office, facilitates event permits, especially those requiring approval from the central government. The event is organised by around 300 people, including approximately 20 from Metasport and a foreign project manager from Australia or America. The other 280 workers are predominantly BRC employees. The local government also allocates funding for security staff and traffic control.

Since the issuing of a Presidential Decree in 2000 regarding the procurement of goods and services for government agencies in Indonesia, it has not been possible for local governments to finance private parties without undertaking an auction process. This law was implemented to reduce corruption and nepotism. As a result, the Bintan Regency Government has used informal channels, such as inviting BRC to become involved as a private collaborator, to hold international events. In this way, the local government has avoided central regulations and requirements. In this process, the Regency Government has used its budget legally, and has done nothing that violates laws relating to procurement and international cooperation. As noted, the event was added to the national tourism agenda in 2017, and the Tourism Ministry also began contributing financial support for the event in that year (Interview 1, 2021).

As this discussion illustrates, the Bintan government is heavily reliant on international partners to develop the local tourism sector. The local government has made BRC central to this strategy by nurturing its relations with the firm through patronage politics. This has allowed the government to maintain a close working relationship with its partners in preparing and implementing programmes in the tourist sector, resulting in increased local revenue for Bintan.

In exchange for its contributions, BRC receives in-kind support from the Regency Government, such as provision of permits at the local, provincial, and central levels. In addition, BRC is exempt from certain regulations set by the central government. For example, the local government has developed a unique method for calculating how much in local taxes resorts in Lagoi should pay on their business activities. Resorts are subject to hotel, restaurant, entertainment, and parking taxes, and the Indonesian Anti-Corruption Commission has recommended that the Regency Government install 'tapping boxes' to ensure transparency in tax payments. Tapping boxes can record all transactions, and their installation is expected to encourage the resorts to better meet their tax obligations, but the local government prefers to let the resorts calculate how much tax is due to be paid (Interview 20). This allows the resorts to pay their local taxes in accordance with their financing strategy. This exemption is only possible due to patron-client relations between the resort operators and the Regency Government, whereby the government strives to ensure that businesses run smoothly in Lagoi even if it means not enforcing the central government's regulations.

This analysis illustrates how the local government has worked to build patron-client relations with the private sector, both because of the limitations it faces regarding the rules for international cooperation for local governments, and to maintain the economic interests of foreign investors who have a longstanding presence in Bintan. Specifically, the local government is comfortable working with BRC, a major player in the tourism sector. Lagoi is part of the cooperation between Indonesia and Singapore, but there are other areas in Bintan that are also expected to be developed for tourism. Instead of focusing on the development of other areas, such as Trikora Beach in the east of Bintan Island, the local government has prioritised international events that will benefit Lagoi (and therefore foreign investors).

The Bintan government has nurtured patron-client relations with private companies to mobilise them to conduct international cooperation, but it is not only the local government that benefits from these relations. In Bintan's cross-border cooperation, patron-client networks are multi-layered. For the local government, patron-client relations provide economic benefits in the form of increasing local revenue due to the increasing number of international events. For the provincial government, the successful implementation of international events is mobilised by the provincial political elite to gain recognition from the centre for their good performance. For instance, the Riau Islands Provincial Government received the Calendar of Event award from the Indonesian Ministry of Tourism in 2018. The governor of the Riau Islands Province, H. Nurdin Basirun, even personally received the prestigious Entrepreneur Award in 2018 from the Innovation Network of Asia. For the central government, meanwhile, the success of Bintan's tourism sector in holding international events has become the cornerstone of regional tourism cooperation in ASEAN. The model applied in Bintan has become a model for Indonesia in its collaborations with other ASEAN countries.

## **Using International Standards**

Another example of how informality has enabled the growth of Bintan's tourism sector is the use of international standards. The Regency Government has used these standards to enhance its local strategic objectives. The creation of a tourism enclave in Lagoi has to some extent created local contestation because this enclave has been artificially separated from the rest of Bintan (Ford & Lyons, 2006). In addition, given that Lagoi is operated by international firms and targets foreign tourists, resorts in the area follow the standards set by the Singapore Tourism Board (Interviews 25 and 27, 2021). This is because Lagoi is an FTZ, which requires businesses to be regulated according to international standards.

International standards also strictly regulate the recruitment of workers employed in the resorts, especially for positions such as receptionists and waiters (Interviews 12 and 25, 2021). This results in a low level of absorption of local workers in Bintan by the resorts. BRC and its foreign investors are not keen to employ Indonesian workers, who are deemed to lack the skills required to work in tourism. As a result, many international resorts in Lagoi rely on workers from Java and Bali, as well as foreign workers from Thailand, the Philippines, and other countries (FGD 4, 2021). There have thus been growing calls for foreign-owned resorts to employ local people, so that the sector has a real and meaningful local economic impact.

Instead of developing local capacity through a more structural approach, such as directing skills development to focus on tourism, the Regency Government has lobbied the resorts to create jobs for locals in Bintan. However, Lagoi's use of international standards excludes many local workers because they have not had the opportunity to develop their skills and operating standards to the required international level. This creates a dilemma for the government. As foreign investment projects, resorts are required to adhere to international hospitality standards, especially because they cater to foreign tourists. At the same time, the local government wants to ensure that the resorts can recruit local workers and use local partners, especially for hotel guests who want to visit tourist destinations in Bintan.

To address this issue, the Regency Government has encouraged the adoption of a new form of standardisation that enables locals to gain some benefits from the resorts. The government has run certification programmes to help local workers and tourism service providers meet the required standards. These programmes involve Lagoi's resorts as trainers, and participation is required for locals when applying for jobs in Lagoi or as local guides or tourism service providers that partner with the resorts (Interview 8, 2021).

Furthermore, the government has made an informal agreement with BRC, whereby it cooperates with the local government's Job Training Institute. The Institute began operating in 2013 thanks to funding from the Sahid Bintan Tourism Institute, a firm that specialises in higher education. In addition, the local government and BRC agreed to establish the Bintan Cakrawala Polytechnic, a vocational higher education institute that prepares workers from Bintan with international standard professional skills so that they can be employed at resorts, as local guides, or as tourism service providers, in 2019.

Despite these programmes, the resorts in Lagoi remain unsatisfied with staff skills and standards. As a result, resorts still conduct in-house training for locally recruited employees, because their skills are at a low level despite receiving certification. This is also true for tourist destination service providers, which fall below the standards set by the resorts (Interview 16, 2021).

This analysis has illustrated that the resorts in Lagoi decided to use the local government's certification programme and to partner with local guides to provide services for their guests, despite not meeting the relevant standards. We argue that these decisions can be attributed to informality, which has enabled the local government to pursue its agenda despite its limited influence over the resorts. Informality, in turn, has been made possible by the patronage politics between the local government and BRC, which provides the local government with the capacity to persuade the resorts to operate below international standards by catering to the government's agenda of engaging local people. The influence that the Regency Government can wield over the resorts takes the form of operational licences, because of the decentralisation of power and policymaking in Indonesia. As noted, Lagoi was designated as an FTZ in tourism by the central government's Dewan Kawasan (FTZ Board), but the area falls under the jurisdiction of the Bintan Regency Government, which has cooperated with the resorts to 'take care' of the burdens created by national laws. This is evident in the local government's efforts to limit the implementation of central government policy, such as the Law on Employment, which regulates the minimum payments in employment contracts. The local government has rarely enforced this law and instead tends to accept the declarations made by the resorts.

Moreover, the local government has not enforced the Bintan Spatial Planning Regulations, which for instance state that it should protect the mangroves in the area, in Lagoi. Instead, the government has given this responsibility to BRC as the operator of Lagoi by arguing that the company has better knowledge of conservation than the government and so is best placed to protect the mangroves. In this sense, Bintan's local government does not oversee Lagoi's development, and the lack of strict enforcement gives the resorts flexibility in conducting their activities (Interviews 27 and 28).

The local government has provided these benefits on the proviso that the resorts support its political objective of helping the local community. Although substandard recruitment could undermine BRC's international reputation, the company has framed local recruitment as an act of Corporate Social Responsibility (CSR). Informality has thus enabled the Regency Government to maintain social legitimacy over its support for the internationalisation of Lagoi. The same applies to the Singaporean entities that operate in Lagoi. The appropriation of international standards can be framed as an act of CSR for the local community. Doing so enables them to maintain their brand quality in the eyes of international tourists, while also ensuring their business's sustainability amidst growing local pressure to make foreign investment beneficial for the local community.

#### Conclusion

This article has illustrated how focusing on informality can enrich the study of paradiplomacy and cross-border cooperation. Despite state fragmentation and the emergence of patron-client relations in subnational politics in Indonesia, it has shown, informality has enabled the local government in Bintan to mobilise the private sector to support its internationalisation agenda. Moreover, informality has been used to deal with scalar contestation, particularly between the local and central governments, in managing crossborder cooperation in Indonesia.

Informality has enabled the local government to achieve the internationalisation of Bintan's tourism sector, while also allowing local communities to benefit from such endeavours. This finding is consistent with the insights from citizenship studies that informality matters in the everyday interactions between citizens and the state, insofar as it allows citizens to secure their social rights (Berenschot et al., 2018). Similarly, we show, informality enables local governments to pursue international cooperation within Indonesia's hierarchical political system. These subnational actors use informality to mobilise the private sector in the pursuit of their strategies while maintaining a stable environment for foreign investors in their regions.

Informality is thus not a one-way process, but rather a multidirectional one in which local governments interact with both the central government and international entities. Moreover, informality is not only an instrument that local governments strategically employ to circumvent rigid institutional constraints to conduct cross-border cooperation: it also allows for patron-client relations to be maintained and expanded to achieve local elites' political and economic interests. Informality can help governments to delegate their responsibility for local development to non-state entities (Pill & Guarneros-Meza, 2020), as our case study shows.

This article's findings about the role of informality in cross-border cooperation in tourism have implications for other areas of public policy, because informality has the potential to drive deeper cross-border cooperation across Southeast Asia. Future studies might seek to better understand how informality underpins regional integration projects in other sectors as well as in other countries within the region.

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