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## **Abbreviations**

ADB	-	Asian Development Bank (or "the Bank")
BAPPENAS	-	Ministry of National Planning and Development
GO	-	government
IGGI	-	Inter-Governmental Group on Indonesia
INFID	-	International NGO Forum for Indonesian Development
INGI	-	International NGO Group on Indonesia
JANNI	-	Japanese NGO Network on Indonesia
LSMs	-	Lembaga Swadaya Masyarakat
NGO	-	nongovernment organization
NOVIB	-	Netherlands Organization for International Development Cooperation
WALHI	-	Wahana Lingkungan Hidup
YIS	-	Yayasan Indonesian Sejahtera

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# A Study of NGOs

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## *Indonesia*

## INTRODUCTION

Over the past three decades, many changes have taken place in the development programs of Indonesia. From the early 1950s until the late 1970s, the Government assumed the role of prime mover in development, with the citizenry to be the object of development programs. By the early 1980s, however, significant changes in this concept had occurred.

Development planners, taking note of the lack of success in many government-initiated development programs, realized that a major cause of failure had been the lack of the support of intended beneficiaries. In many cases, target groups themselves have rejected development programs.

A significant reason why development programs failed to reach their objectives was that the development bureaucracy did not have the capacity to deliver programs to the poor, a major target group of development. Operating under bureaucratic constrictions, government officials often managed development programs in an inflexible manner, frequently excluding people, especially the poor, who did not have the requisite knowledge and information to participate in development initiatives.

Consequently, after decades of development efforts, the development picture and the socioeconomic conditions of the poor in Indonesia had not improved significantly. The slow pace of change in the lives of the poor had in fact engendered a new development problem in the country, that of declining environmental conditions. In rural areas, in order to survive, the population, the majority living in poverty, cleared forests to create agricultural land and overexploited land already in production. The rural poor also migrated to cities to find jobs, swelling the already overcrowded urban areas. The uncontrolled increase in the number of urban poor resulted in unprecedented sanitation and pollution problems in cities.

Faced with these conditions, development planners sought alternative development models. The new concepts that emerged from these investigations were incorporated in new approaches to development. This new Indonesian perspective on development can be summarized in two basic precepts.

- First, development programs should be planned and implemented with the participation of the people.

- Second, new kinds of organizations outside the formal structure of government, with the capacity to deliver services to the people were needed

Nongovernment organizations (NGOs) emerged to address this second precept.

Institutions such as the Asian Development Bank (ADB or "the Bank") have experienced failure in some development projects because of the lack of support of the intended beneficiaries or the incapacity of government systems to deliver project benefits to the target groups. In part to address this problem, the Bank has moved to work more closely with NGOs in the planning and implementation of its country-level operations. The Bank's decision to involve NGOs is important in that this step changes the basic nature of the processes of development. However, several constraints to implementing this new policy have been reported. One such constraint is the difficulty in identifying the right NGOs—NGOs with the capacity to participate effectively in project identification, planning, and implementation.

## THE NGO COMMUNITY IN INDONESIA

**D**uring the Dutch colonial period, Indonesians established many organizations to address socioeconomic problems. Most of these were charitable in nature, with a basic objective of assisting the poor. There were two important organizations that concentrated their activities on noncharitable activities:

- **Taman Siswa** (literally, "pupil arena") focused on establishing schools for lower- and middle-class Indonesians who were barred from entering the formal schools established by the colonial Government.
- **Muhammadiyah** was established by religious leaders to provide education to Islamic children who were at the time disqualified from entering the formal school system established by the colonial Government.

Both organizations still survive. *Taman Siswa* continues to provide schooling to Indonesian children and youth, while *Muhammadiyah* has expanded its activities from providing schooling to Islamic children to providing health services as well.

In the late 1970s, a new type of organization emerged in Indonesia. These new organizations, which have come to be known as NGOs, were established by groups of Indonesians concerned with the poor socioeconomic conditions of the people. Unlike the charitable organizations that preceded them, these new organizations focused their activities on development projects, using community development as their methodology in implementing their programs.

The emergence of NGOs in Indonesia cannot be separated from the changes that took place at the same time in the policies of funding agencies around the world. Funding agencies in general were disappointed with the weak capacity of governments to deliver development projects to the people, particularly the poor, and encouraged the formation of traditional NGOs. Initially, only a few NGOs appeared in Indonesia. Some of the earliest were:

- *Persatuan Keluarga Berencana Indonesia* (Indonesian Family Planning Association)
- *Yayasan Indonesian Sejahtera* (YIS)

- *Dian Desa*
- *Bina Desa*
- *Lembaga Studi Pembangunan*

Today, about 8,000 NGOs are working across all provinces of Indonesia. The activities of these NGOs vary from family planning to community development.

There are three main reasons why many NGOs have come to exist in Indonesia:

- The emergence of NGOs has mirrored the emergence of development issues in Indonesia. In the late 1970s, the major issue of development was poverty. As the pace of development quickened, new issues and concerns emerged. As issues such as environment, gender and development, and legal rights came to the fore, new NGOs emerged to address these issues.
- The phenomenon sometimes referred to as "divorce" has been responsible for the emergence of new NGOs. When staff of an established NGO come to believe that their organization is losing its idealism and its contact with its clientele, its more idealistic staff often resign and seek to establish a new NGO.
- There is a strong tendency within Indonesian society to establish NGOs to access resources available from external funding agencies or the Government. However, because such NGOs rely on foreign funding or government contracts for their survival, the number of active NGOs varies widely. In Yogyakarta in the 1980s, for example, 60-70 NGOs were registered. Of these, more than half have disappeared, largely because funding is no longer available.

## Classifying Indonesian NGOs

Indonesia's NGOs are often referred to as *lembaga swadaya masyarakat* (LSMs) or self-reliant community institutions. LSMs can be divided into four categories:

- **National-level cooperation/grassroots development.** NGOs in this category are concerned with delivering developmental and welfare benefits to their clientele. They do not have an interest in changing or intervening in the political process, although they advocate the need of the Government to allow people to participate more directly in the processes of development.
- **National-level politics/grass-roots mobilization.** This category consists of NGOs explicitly critical of the Government's development philosophy and practices. Further, this NGO category advocates both the need to raise community consciousness and the capacity for self-management among



particular groups of people. These NGOs seek legal status and protection for their clientele through interaction with government officials.

- **Empowerment from below.** The actions of NGOs in this category are focused at the local level rather than at the national level. Emphasis is more toward building awareness of rights among people than efforts to change policy.

Despite the differences within the Indonesian NGO community, some factors are common to some Indonesian NGOs.

- Most Indonesian NGOs are creative in their search for strategies to address social needs.
- Most are able to strengthen community groups as a basis for a healthy society and as a counterweight to government power.
- Most are strongly committed to ensuring that the process of development is based on people's participation both in the planning and implementation of development projects.

NGOs in Indonesia can be grouped into another three categories. Relations between these groups have not always been smooth, largely because of the imbalance of resources and influence with both funding agencies and the Government. The three categories are as follows:

- **Big NGOs (Bingos).** As the term implies, these organizations are large, well-established NGOs. They generally have access to external funding and high-level government influence.
- **Local or Little NGOs (Lingos).** These are the more traditional, grass-roots NGOs. Often founded and staffed by young idealists, they are often in conflict with the larger and more influential NGOs. Lingos most often do not have significant access to resources or political power.
- **Red Plate NGOs.** So called because the red color of their motor vehicle registration plates indicates their affiliation with the Government. Red plate NGOs often are established by government agencies or individuals with close connections to high-ranking government officials. Red plate NGOs often receive regular financial support from government sources, and some even are allowed to mobilize donations from the private sector to support their activities. A red plate NGO usually can be identified by the names of the members on its board of trustees—if many of the members are past or present government officials, it is likely that it is a red plate NGO.

The conflict between bingos and lingos reached its peak in 1990. In December 1990, a meeting of Indonesian NGOs was held in Baturaden, a resort town in Central Java. The workshop in Baturaden, a follow-up of a meeting in Bukittinggi in 1987, was supposed to find a new format for the role of NGOs in Indonesia. The workshop was called to address a crisis within the NGO community in Indonesia emerging from the increasing hegemony of developmentalism and state domination in Indonesia.

The Baturaden meeting closed with the issuance of the "Baturaden Statement." The essence of the statement was basically a criticism by the lingos of Indonesian NGOs in general, but of bingos in particular. According to the lingos, the bingos had deviated from their original vision and sense of mission of pioneering alternative models of development and building an opposing movement to represent the poor. Programs offered by bingos in Indonesia, according to their critics, did not differ from development programs planned and implemented by the Government. It was stated that the bingos had become so large that they no longer differed from government organizations, and that they had become hierarchic, bureaucratic, and centralist.

The Baturaden Statement proposed six steps for NGOs in Indonesia to recapture the original vision and mission of an NGO. These six steps were:

- Be bold and open in self-analysis and correction. Reassess your role in the overall present and future social context.
- Take account of the hegemonic structure of international capitalism in relation to the Third World.
- Establish democratic and just internal structures in order not to become agents of such hegemony.
- Make people the dominant actors. Make decisions on a collective basis with a clear system of public accountability.
- Pursue your functions transparently as an instrument of people's movement. Disseminate information and political education based on principles of nonviolence and solidarity both among yourselves and in your relations with people. Concentrate on activities that emphasize advocacy and people's organizations rather than on short-term projects that stifle popular struggle.
- Reassess your relationships with funding agencies, which often are found to be a major factor in distorting your vision and mission. Rely more on your own resources. Be more critical in choosing partners from foreign funding agencies, and in checking out their background and political orientation.

Predictably, the reaction of the bingos and red plate NGOs towards this statement was negative. They believed that the statement might further jeopardize their relations with the Government. The statement clearly indicated the changing trend in the Indonesian NGO community.

In the early 1980s a new type of leadership emerged among the NGOs. These new leaders were former student activists, and were very influential among the lingos. As ex-student activists, they are well-versed in development theories as well as the rhetoric that accompanies those theories. This new direction in NGO leadership moved to establish NGOs as a third pillar in the country's political system rather than have NGOs simply as an agent of community development, as most bingos were to be seen. This new NGO movement focused its activities on advocacy. The leaders of more traditional Indonesian NGOs were critical of this new movement, complaining that although the new NGOs were well-equipped with theory, they had no experience in working with people at the grass roots, let alone in organizing them. While admitting a weakness in development theory, the older generation of NGO leaders claimed more experience in working with communities and people.

Through the 1990s, a radicalization of some elements of the NGO movement in Indonesia reached its peak when some NGOs became involved in mobilizing laborers to protest against the Government's development policies, and government policies in general. The Government officially accused the NGOs of moving to incite people and organizing them to act against the Government. NGOs were blamed for the riot that occurred in Jakarta on 27 July 1997, a major event in the campaign against the Government.

### **The Capacity of Indonesian NGOs**

It is difficult to estimate the resource position of the 8,000 NGOs in Indonesia. The financial capacity of an NGO determines the sustainability of its programs. Bingos, because they have been able to develop and sustain access to both Government and external funding, have strong financial and organizational capacity. Lingos, on the other hand, depend only on external funding sources, the majority surviving from one proposal to the next. The uncertainty of funding often leads to unsustainability of activities.

NGOs need money not only to maintain their programs but also to fund their activities. As well, staff members must attend meetings and workshops to keep abreast of developments in their fields. While many NGOs work on the basis of volunteerism, activities still need funding. At the community level, because NGO staff most often are engaged in other employment, they cannot be expected to provide unpaid voluntary work for any long period. To fund their activities, most Indonesian NGOs, particularly the lingos, depend on funding from external funding agencies.

Efforts by Indonesian NGOs to mobilize funds from domestic funding agencies generally have been unsuccessful, especially for non-red plate, non-bingo NGOs. The only Indonesian NGO with relative success in mobilizing domestic financial support is the environment network Wahana Lingkungan Hidup (WALHI), which established the Friends of the Environment Fund (Dana Mitra Lingkungan). By early 1991, this organization had been able to raise Rp 110 million (\$40,000) annually, about 25 percent of WALHI's funds. However, even WALHI's efforts to mobilize domestic funds are hampered by the fact that the important potential domestic funding agencies such as wealthy corporate conglomerates often make their donations to red plate NGOs or bingos.

Some bingos, like Dian Desa and Bina Swadaya, have sought to increase their domestic income by conducting income-generating activities such as consultancies or, as in the case of Dian Desa, selling technology that it has developed.

The capacity of Indonesian domestic developmental NGOs can best be considered by looking at the two broad groupings of the bingos and the lingos. The bingos have high capacity and are able to hire professional staff to manage their organizations and experienced field staff to plan and implement their programs. They are strong in their sectoral activities. Dian Desa is best known for its expertise in drinking water development and in developing appropriate technology. Bina Swadaya and YIS are known for their capacities in training, organizing, and managing rural credit, and community development in general. Bina Swadaya established and runs the most successful credit union in Indonesia.

Some lingos also have significant capacity in managing and implementing development projects and programs, often developed after completing training conducted by bingos such as Dian Desa, Bina Swadaya, or YIS. In Nusa Tenggara province, for example, Yayasan Alfa Omega, a local NGO, is considered to have good capacity in community development. In Yogyakarta, CD Bethesda, a small NGO specializing in health and community development, is widely recognized as a capable organization. In general, however, lingos cannot match the capacity of bingos.

## **Networking**

Indonesian NGOs have come together in several sector-based networks:

- The Secretariat of Bina Desa was established as a network forum for NGOs active in rural development.
- In 1976, WALHI established functions as a networking forum for NGOs active in environment issues.
- The Forum Pengembangan Peranserta (Partnership in Development Forum) was established in 1991 to coordinate NGOs interacting with government agencies, business circles, and international agencies, particularly agencies of the United Nations.

- Yayasan Persahabatan Indonesia—Kanada (Indonesia Canada Forum), established with the assistance of the Canadian International Development Agency, brings together ten NGOs that receive Canadian funding.

Despite the existence of these sectoral networks and forums, there is as yet no national forum coordinating all Indonesian NGOs. One major reason for the absence of a national NGO forum is the diversity of backgrounds and interests of Indonesian NGOs, as indicated in the following observations by an NGO activist in Yogyakarta:

*In 1986 the government of the Special Province of Yogyakarta established Yogyakarta NGO Forum. At the time of its formation some of its board members were government people. However, later the local government left the board, and the forum became completely managed by the activist. Conflict arose. For example, several elements in the forum attempted to criticize government policy. This became a problem for other members, who had historically cooperated with the government. Another thing which created many problems were matters of personal nature, which entered the dynamic of the forum and subsequently mushroomed into large problems. These included even simple matters, such as who would go overseas. The most important matter was the forum's orientation towards large funding agencies. (Dadang Juliantara, 1996)*

Because of these internal problems, the Yogyakarta NGO Forum became less active. When first established, it had 70 members. Now only 20 NGOs are still active, and funding is insufficient even for regular activities such as meetings. This Forum, like the others that are its membership, has survived from one proposal to the next; practically all proposals were submitted to external funding agencies.

One NGO forum that has managed to survive is the International NGO Forum for Indonesian Development (INFID). INFID grew out of the former International NGO Group on Indonesia (INGI), established in 1984 to foster cooperation among Indonesian and associated overseas NGOs. Membership of INGI consisted of NGOs that accepted the Forum's rules and guidelines. The purpose of INGI, together with a group of Dutch NGOs, was to influence the Inter-Governmental Group on Indonesia (IGGI), the Indonesian bilateral and multilateral group of external funding agencies, to use external development assistance to fund projects for the poor and to ensure meaningful participation of the people in Indonesia in the process of development.

INGI was dissolved at the same time as IGGI and INFID emerged. It is notable that an advocacy forum was the first NGO group in Indonesia to sustain its activities. It has done so in cooperation with international partners who provide the funding for INFID.

Academic circles in Indonesia are another source of support for INFID's activities. INFID has been recognized by bilateral sources of aid as a valuable partner in dialogue sessions concerning development in Indonesia.

The Indonesian NGO community has flourished in the dynamics of the development process in Indonesia. Many NGOs in Indonesia face problems, such as the capacity of each NGO to plan and implement projects, how to fund activities, and how to create a national forum that would enhance their potential to provide alternative development strategies for the country. Despite these problems, however, the presence of NGOs in Indonesia has significantly influenced the process of development over the last three decades.

## GOVERNMENT POLICY TOWARD NGOS

There are two main government regulations that provide the legal basis for the official policy toward NGOs in Indonesia:

- Environment Law of 1982
- Law of Social Organization of 1985

Article 19 of the 1982 Environment Law established the right of NGOs to participate in implementing environmental policy. For Indonesian NGOs, the Environment Law has been the legal basis for their existence in the country.

Unlike the Environment Law of 1982, the Law of Social Organization of 1985 is basically aimed at controlling NGOs. According to this law, to be able to operate as a legal organization, an NGO must not only register itself officially as a foundation, it must formally acknowledge that it has accepted the *Pancasila* (the Five Principles), the official ideology of Indonesia, as its ideological base and objectives.

NGOs must register themselves with the Office of Social and Political Affairs at the subdistrict and provincial levels. This office is the local-level branch office of the Directorate General of Social and Political Affairs of the Ministry of Home Affairs. The main function of the Directorate General is to monitor political parties and other organizations in the community with regard to these organizations involving themselves in activities that might be seen to jeopardize state security.

NGOs seem to accept the conditions put forward by the Social Organization Law. Accepting *Pancasila* does not divert them from their vision and mission as an NGO. However, many NGOs do not agree with the government decision to treat NGOs as *ormas* (*organisasi massa*, or mass organizations), which are more like political parties or labor unions. While political parties and labor unions have formal memberships and branches all over Indonesia, NGOs do not have formal membership and branches. Despite the Government's decision to apply the 1985 Social Organization Law, NGOs argue that since they are legally registered as *yayasan* (foundations), they should be treated under the country's civil legal code.

## Local Cooperation

In addition to the two laws mentioned above, there is another law that many NGOs believe obstructs their activities, particularly at the village level. Law No. 5, 1979, deals with structure of village government. The law stipulates that the village head is the single authority in the village and is responsible for the conduct of development in the village. This means that any person or organization that wishes to conduct development activities in the village must report to the village head and be accepted. With the power the village head receives from the law, the village head may refuse the presence of an NGO in a village. Law No. 5, 1979 provides the village head and the associated administrative apparatus the power to monitor NGO activities in the village, and the village head has the right to stop an NGO's activities if it is felt that the NGO endangers political stability. With this law, NGOs can be inhibited from developing close relations with village clients for fear of raising the village head's suspicions about a relationship perceived to be too close.

Examining future government policies toward NGOs produces mixed signs. The present policy of the Ministry of National Planning and Development (BAPPENAS) provides grounds for optimism. Within the ministry structure there exists a special department under an assistant to the Minister. This department is responsible for enhancing people's participation, including NGO participation. The ministry also welcomes NGOs to visit the ministry for consultation and dialogue.

However, the Ministry of Home Affairs and Army policies toward NGOs suggest a future for NGOs that is not certain. These two government agencies, particularly during the past few years, have demonstrated strongly negative attitudes toward NGOs, particularly lingos. Lingos have often been accused of involvement in instigating the recent social unrest in the country. NGO sources in Indonesia have suggested that because of these accusations the image of NGOs in Indonesia has been seriously damaged. Some sectors within Indonesian society, and a major part of the Government, look at NGOs as troublemakers and not as development organizations.

Fortunately, most provincial governments in Indonesia follow a more relaxed policy toward NGOs. The Special Province of Yogyakarta, for example, has developed a good working relationship with the lingos. Government policy toward NGOs often depends very much on the individual minister's attitude towards the role of NGOs in development.

Government policy toward foreign NGOs working in Indonesia is significant. The 1973 Regulations Governing Overseas Technical Cooperation and Assistance requires international NGOs to sign an agreement covering the general objectives and operating procedures with relevant government departments. All projects must be reported and cleared by a special Coordinating Committee within the Cabinet Secretariat. It has been suggested that the law is unworkable in that foreign NGOs rely on their Indonesian



partners to deal with all the necessary administrative requirements to allow them to operate in the country. However, the Government seems to take a relaxed policy toward foreign NGOs because of their importance as a source of development funding for the country.

Government policy toward NGOs is not as rigid as it may appear. Although the Government has issued laws aimed at controlling NGOs operating in the country, NGOs are able to find ways to work within this environment. Relationships between ministries and NGOs depend very often on the attitude of the individual minister toward the particular role played by the NGO in question concerning development processes.



## GOVERNMENT/NGO RELATIONS

**G**overnment/NGO (GO/NGO) relations must be put within the framework of the dynamics of the development process of the country. In the early 1970s, when NGOs began to emerge in Indonesia, development was still modest in terms of funding and scale of projects. Until the end of the Second Five-Year Plan, the Government's main concern had been to develop basic infrastructure. This meant building and supporting projects such as health centers and village schools, and rehabilitating irrigation facilities to support the Government's rice self-sufficiency program. Because they were small in scale, these projects did not require large areas for construction and it was not necessary to displace people. Relations between NGOs and the Government were very cooperative and accommodating.

Relations changed when the nature of the country's development changed. At the beginning of the Third Five-Year Plan, the Government began its program of industrialization by developing the industry sector, constructing dams to provide new sources of energy, and exploiting forests to increase foreign exchange earnings from non-oil exports. All these projects demand large areas of land, displace people, and damage the environment.

With the changes that took place in the country's development objectives, advocacy NGOs emerged in Indonesia. These NGOs not only criticized the nature of the Indonesian development, but also mobilized people displaced by large projects to receive better compensation from the Government. Advocacy NGOs also demanded that the Government pay more attention to political issues such as human rights, the rule of law, and social injustice. The actions of advocacy NGOs influenced the GO/NGO relationship.

The Government came to feel that advocacy NGOs were overstepping their original NGO mandate of community development. The government position was that NGOs should not criticize the conduct of the country's development, which was the exclusive right of the Government to define and implement.

Meanwhile, NGOs more often had different views concerning the nature and conduct of development in Indonesia, and the role of government in the process. The NGOs began to hold that development was being planned and implemented without consideration of the needs and aspirations of people and that government prevented people from participating in decisions that dramatically affected their lives. The GO/

NGO relationship became increasingly tense because the advocacy groups through their forum INGI (subsequently INFID) became involved in lobbying rich countries to ensure that development in Indonesia met the needs of the poor. The Government was disturbed by these actions and accused this group of NGOs of being disloyal to the country.

### **Three Reasons for Tension**

There are three basic causes of the conflict between the Government and the NGOs in Indonesia.

First, a complete difference in opinion existed. Several major questions were begged and each side had a dramatically different answer:

- Who was to implement the country's development?
- Who was to participate in the process of development?
- What was the meaning of participation?

The Government took the view that it was responsible for implementing development programs and that people could participate in its programs. NGOs, however, believed that the people should implement the programs while the Government should participate. The government perception was that the people were the object of development. NGOs felt that people were the subject of development.

Second, the Government's unwillingness to recognize NGOs as partners in development created much friction. This attitude persists today despite the fact that the government proclaims its recognition of NGOs as full partners in development. The reluctance to share the success of development with others may be a by-product of the culture of Indonesian bureaucracy.

Third, development projects planned and implemented by NGOs sometimes promise greater and more immediate success than those planned and implemented by government agencies. This can create uneasiness toward NGOs among government officials. Government officials can consider an NGO as a competitor, and may have difficulty accepting them as partners. Officials therefore question the legitimacy of NGO programs, creating tension between government and NGOs.

### **Tension over the Term "NGO"**

The uneasy relation between the Government and NGOs is reflected in the unwillingness of the Government to use the term "NGO" as it is used elsewhere. The Government instead refers to NGOs as *lembaga swadaya masyarakat* (LSMs) (self-reliant community institutions). The reason is that the term "NGO" connotes an alternative power or

organization that might compete with the Government in claiming the success of the country's development. Some government officials wryly define the acronym "NGO" as "next government organization."

Reaction from the NGO community to being referred to as LSMs is mixed. By and large, the NGOs are indifferent. The thinking is that as long as the Government acknowledges the existence and role of NGOs in the country's affairs, the term used does not matter.

This attitude is not always shared by NGOs. NGOs sometimes question the Government's decision to use the term LSMs because they feel the term negates much of the impact of their work and image. NGOs argue that LSM reflects the thinking of the Government that the NGOs should function only as supporting partners of the Government. NGOs consider themselves creators of alternative programs and development strategies totally independent of the Government. They believe that if they are referred to as LSMs, they will be perceived as social workers instead of activists for development alternatives.

### **Government/NGO Cooperation**

Despite the uneasy relations between the Government and NGOs, cooperation between the two does take place. There are several sectors where GO/NGO cooperation makes a significant impact:

- primary health care
- clean water development
- rural credit programs
- small-scale irrigation development
- other programs in community development

Several formal and informal mechanisms have emerged in Indonesia for GO/NGO cooperation. BAPPENAS, for example, has formally established a department called the Department of People Participation. This department has a mandate to seek ways to motivate people, including NGOs, to participate in the country's development processes. The department is headed by a senior ministry official. BAPPENAS has also been working closely with an NGO, Bina Swadaya, in planning and implementing the strategic Poverty Alleviation Program. Other ministries, such as the Ministry of Forestry, often seek inputs from NGOs before it issues and implements new policies in the forestry sector.

Regional governments in many instances have established informal forums for dialogue between NGOs and themselves to discuss a range of issues. During these dialogues, NGOs are encouraged to put their views forward, evaluate development processes, and offer alternative strategies to local governments.

The bottom line, however, is that the GO/NGO relationship remains unstable. Some circles within the government, particularly the military and the Ministry of Interior, sometimes suspect the motives and objectives of NGOs. Meanwhile, NGOs, particularly advocacy NGOs, claim that the military exaggerates the difficulty and importance of guarding the security of the country, thus leaving little room for independent thinking in the country's social and political development. This mutual distrust has done much to undermine formal cooperation.

The situation becomes more complex as there is no effort within the NGO community to establish a code of ethics for its members. Adoption of a code of ethics by the NGO community in Indonesia would indicate its commitment to exercise self-regulation, thereby taking away one of the Government's key reasons for wanting to control NGOs. The presence of a code of ethics among the NGO community would enable the NGOs to give evidence of their professionalism and accountability, and do much to change the image they have in the eyes of many as troublemakers.

## NGO/FUNDING AGENCY RELATIONS

**R**elations between NGOs and funding agencies in Indonesia, like the GO/NGO relations in the country, are limited in terms of the number of NGOs involved. Most agencies prefer to work with NGOs that have proven expertise in a particular sector. The World Bank, for example, prefers to cooperate with Dian Desa for building clean water infrastructure. For the same reason, Bina Swadaya is often selected as a partner by funding agencies in organizing villagers who are to be the clients of the projects. The agencies work only with a limited number of NGOs in Indonesia, largely because there are so many and it is difficult to select which NGO has the appropriate administrative or technical capability to be involved in a particular project. Consequently, funding agencies will turn to an established NGO that they have known and supported for many years.

Lingos have their own reservations over cooperation with foreign donors. First, cooperation with these agencies will result in an increased administrative burden on lingos, which frequently receive funding from different external funding agencies. Second, many members of the NGO community fear that cooperating with such agencies might result in their losing their identity and control over their own priorities and agenda in the face of the increasing flow of external funds.

In the late 1980s, INGI emerged as a forum for linking major Indonesian NGOs with international NGOs so that they could cooperate on an equal basis. To achieve this goal, a Commission on Dialogue was set up with the Netherlands Organization For International Development Cooperation (NOVIB). The cooperation with NOVIB is important because the Dutch government had chaired IGGI, a consortium of funding agencies providing foreign aid to Indonesia. The cooperation between INGI and NOVIB was also aimed at strengthening the position of Indonesian NGOs in influencing aid policies towards Indonesia of the individual members of the former IGGI forum.

The close cooperation between INGI and the Dutch NGOs was not appreciated by the Government, particularly when in 1989 INGI wrote a letter to the World Bank condemning the resettlement of people whose villages were vacated because a large dam was to be constructed in the area. The letter accused the Indonesian Government of forcing villagers to vacate their land for very little compensation. The Government, angered by the letter, accused INGI of not having the spirit of national unity. Relations between INGI and the Government soured.

INGI was dissolved in 1992 following the dissolution of IGGI, and in its place came INFID. Like INGI, INFID also developed cooperation with international NGOs, notably Japanese NGOs. The Japanese NGO Network on Indonesia (JANNI) was established as a direct result of the involvement of Japanese NGOs in INGI/INFID meetings, especially in the lead-up to the Eighth Annual INGI Conference in March 1992 in Odawara, Japan. After the conference, the core of the Preparatory Committee established JANNI and opened an office in Tokyo in May 1993. The activities of JANNI are to collect and exchange information and resources on issues such as human rights that affect the Indonesian people, and to collect information on Japanese assistance.

Cooperation between Indonesian advocacy NGOs and international NGOs that focus their activities on issues such as democracy and human rights could easily lead them into conflict with the Government. Problems of development, according to advocacy NGO activists in Indonesia, have been changing from community development issues to those of a structural nature. The Government, however, believes that NGOs are not political parties and they should stay away from advocacy on issues the Government sees as the concern of political parties. Political parties in Indonesia are reluctant to address the controversial issues that advocacy NGOs have targeted. Not all NGOs cooperate with funding agencies to advocate controversial development issues in the country. Many larger and established NGOs tend to avoid advocacy activities, instead working toward their traditional mission of community development.

An emerging issue concerns the decision of certain foreign NGOs to establish a *yayasan*, or foundation, as part of their nationalization programs. Under this program, an international NGO transfers its organizational leadership to Indonesians, although it will continue to provide funding assistance to the newly established organization.

The Government does not agree with the changes planned by these foreign NGOs. According to one reliable source in the international NGO community in Indonesia, the reason behind the Government's refusal to allow the change is its fear that it will lose control over the use of the funds under the proposed *yayasan*. The Government considers international NGOs as alternative sources of foreign aid. Currently, international NGOs in Indonesia work with certain ministries and depend on government support to legitimize their operations in the country. To secure the Government's support, some international NGOs are willing to fund any project proposed by the Government. The new organization proposed by the international NGO community, the *yayasan*, might provide more freedom to the leadership of the foundation on how to use the funds. Because *yayasan* is not a mass organization, the Government cannot control it.



## POTENTIAL FOR BANK/NGO COOPERATION

Few NGOs in Indonesia have had the opportunity to participate directly in ADB project activities of the Bank. Many, however, indicate interest in participating in Bank projects. NGOs believe they have much to offer in project implementation, particularly in such sectors as community development, primary health care, rural credit, and clean water development. Bank staff at the Resident Mission in Jakarta indicated that the Bank is interested in working with well-established professional NGOs. The fluctuating relationship between the Government and NGOs is recognized as an issue, and this causes hesitation on the part of the Bank to increase its cooperation with NGOs.

Despite NGOs' willingness to cooperate and the expertise they can offer, there still are major barriers to overcome before NGO participation in Bank projects can be fully realized. The first barrier relates to the financing mechanism currently used by external funding agencies to finance project development. Development projects are commonly financed through a prefinancing system. Under this system, the implementing agency of the project must prefinance all the project activities and seek subsequent reimbursement from the funding agency.

Such a prefinancing approach would rule out most NGOs, whose financial capacities are limited. The World Bank launched a program to involve NGOs in Indonesia but because of the limited financial resources of the NGOs, they could not satisfy the World Bank's prefinancing regulations.

Another barrier relates to the ability of Indonesian NGOs to prepare proposals that meet administrative and technical qualifications allowing them to compete with international organizations in any international bidding. Local NGOs have little experience in writing comprehensive project proposals in English, the Bank's official language. Consequently, they are reluctant to enter competitive bidding for a project.

Still another barrier relates to the weak management capacity of many NGOs. Lingos, which comprise the majority of the country's NGO community, have limited staff with very limited experience in managing large projects. Funding agencies, including the Bank, have rigid project management requirements that few if any lingos would be able to meet. Cooperation with the Bank and other funding agencies is still interpreted as an additional management burden for these organizations.

These barriers make it difficult for Indonesian NGOs to contemplate full participation in Bank projects. Unless the Bank is willing to modify its rules and regulations concerning international project bidding, they are unlikely to even try. Experience has shown that those who succeed in international bidding are almost always foreign consulting firms. Local NGOs are then subcontracted by the foreign consulting firms to implement certain parts of the project, such as organizing the water user groups in a water and sanitation project.