



STAT T

NGO SECTOR REVIEW

Findings Report: Final Draft¹

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EXECUTIVE SUMMARY

This report summarises findings from the first phase of the Non-Government Organisations (NGO) Sector Review (the Review). The primary objective of the Review is to define a poverty reduction strategy for the Australian Agency for International Development (AusAID) in which AusAID seeks to maximise Indonesian NGOs' direct and indirect work on poverty reduction through engaging directly with NGOs or indirectly through improving the policy and funding environment in which NGOs operate. The Review is not an assessment of AusAID's programs related to NGOs or civil society; rather, it studies NGOs, the NGO sector and relationships to other sectors in order to identify areas where support or intervention from AusAID would make strategic sense to fulfilling AusAID's poverty reduction goals.

The Review's first phase consisted of structured desk review, media scanning, consultations with a wide range of stakeholders in and knowledgeable about the NGO sector and analysis and mapping of quantitative data.² A second report will present the design for original research to fill gaps in knowledge useful to stakeholders within and outside of AusAID, including NGOs themselves, as well as necessary to inform AusAID strategy.

NGOs are positioned conceptually within civil society, and within a broader set of sectors, each with a distinct role in development and direct and indirect means of poverty reduction: government, the private sector, donors, international NGOs (INGOs), the mass media and the general public. Relatively complex organisational structure, reliance on paid or voluntary staff, minimum financial base and focus on serving others through direct service, community organising and/or advocacy rather than engaging in self-help distinguishes NGOs within the set of civil society organisations. Autonomous affiliated institutions of mass membership-based organisations in Indonesia function as NGOs serving the wider community and not just members.

Eight features can be useful in distinguishing Indonesian NGOs from one another: scope of focus (national or subnational), membership base and main source of funding, budget size, principle activities, issue area (or "generalist" focus), target population or community, basis on which the organisation was founded and for internal changes, and stage of organisational life cycle. Under each feature, the report notes the type of NGOs that AusAID typically partners with.

Historically in Indonesia, youth activism, indigenous organisations, and mass-based organisations played a considerable role in the public arena before the New Order era started in the 1960s. Under the New Order, the state limited civil society organisations' political expression and engagement. Despite this repression, rights-based organisations started, mass-based organisations continued to operate quietly in service to communities, and mass protests led by youth and students flared up throughout the period. Massive popular protests at the end of the 1990s led to a transition to democracy, which in turn led to a proliferation and expansion in the diversity of NGOs. Government decentralisation starting in the early 2000s furthered this

² Phase I also included initial analysis of AusAID financial data, available in Annex 8 for AusAID readers.



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proliferation. Although mass-based organisations retain a strong position in the present day, NGOs that were united against Suharto are now without a common enemy and something to unite them to a common vision.

Good information on the make-up of the Indonesian NGO sector is limited. There are an estimated 2,293 active and viable NGOs throughout Indonesia. While the relationship between a region's population and the number of NGOs is not statistically significant, a region's GDP and number of NGOs is strongly statistically correlated. Information that provides a picture of the issues and target populations of NGOs overall is also limited. This may in part reflect the generalist tendency of many Indonesian NGOs.

Internally to the sector, NGOs are concerned with competition and competing egos, though NGOs and activists can show strong unity at times. Subnational organisations rely on often-indirect links to Java for information and funding. Regional networks also play a part in places. However, the intermediary organisations and networks do not provide a strong “middle” function to link subnational NGOs with each other and district-level NGOs report isolation from a bigger context. The impact and strengths of the support subsector made up of capacity-building and grantmaking organisations is unclear.

Three tiers of Indonesian NGOs exist in terms of their stability and institutionalisation, ranging from inactive organisations that rely solely on one project or person to function and stable NGOs institutionalised as a separate entity from the core group of individuals involved and/or main funding stream. A middle tier of NGOs could go in either direction once they reach a critical “tipping point” in leadership or funding. Characteristics of the organisational-level functioning of Indonesian NGOs include the following factors, influenced by internal as well as external (especially donor-related) factors:

- In the arena of governance, leadership and management NGO governance is typically centralised on a small core group of people who play multiple functions within an organisation without any effective oversight. However, there is a growing core of organisations attempting to professionalise, increase staff specialisation and decrease dependence on one funding source.
- NGO human resources overall continue to be dominated by men with women leading in organisations focused on women's issues and rights. More broadly, NGOs report that turnover is high. Reasons are not clear in the data but likely include leadership concentration in the hands of one or a small group of people, social pressure on staff to work in a more “respectable” job, disillusionment with a perceived lack of direction, unity, and leadership development in the sector, and skills mismatch and a lack of attention to staff development. People who leave to join a political party may feel that they can accomplish more good on a wider scale through direct engagement in the political system. At the same time, many passionate, skilled people stay at NGOs. The lack of other choices in certain regions, the more relaxed and familial work environment and commitment to the work are possible supporting factors.
- In the areas of financial planning and management, NGOs in Indonesia as elsewhere in the world continue largely to rely on donor grants. They tend to view financial management and audits as activities to fulfil donor requirements, and manage their



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budgets per project. NGOs are concerned about donor dependence and more are starting to attempt to access public funding and to generate other income. NGOs are accountable to donors though rarely make their budgets or audit results public. Perhaps because of the overlap in upward and downward accountability, mass-organisations are transparent with their finances at least towards members.

- NGO programming can and does contribute to positive changes in the communities that they aim to serve. Yet the activities do not always target priority needs and rarely target root causes. This is due to the donor-driven projects and the lack of effective data use by NGOs. Similarly, organisations' evaluation efforts are donor-driven and not incorporated into learning at the organisational level.
- The use of published material, websites and social media is rarely maximised at an organisational level by NGOs to build a public profile. Although staff can effectively analyse and narrate their successes and lessons learned verbally this rarely translates into useful written products or websites. The social media presence of NGOs is mostly linked with individual activists rather than with an organisation on its own. Organisations have more successfully used traditional media in this regard.

NGOs' relationships with their social and political environment is much more positive than global trends, with an increasingly closed space for NGOs, would suggest. Their funding environment is complex and multi-layered with many NGOs being reliant on donor funding. In examining relationships with other key sectors the Review found that:

- While some government officials still hold New Order views that NGOs should serve as extensions of government, NGO-government relationships have gotten more complex and rich with increased openness to engagement on both sides since decentralisation. Laws and regulations on government oversight are rarely followed or enforced.
- Short-term, project-based funding cycles, lack of money for operational costs and lack of information available in Indonesian are challenges for NGOs in dealing with donors. Few NGOs advocate with themselves to donors on such matters. Subnational NGOs also shared their perception that donors favoured Jakarta/Java-based organisations even when strong organisations exist locally. A lack of donor coordination even among units of the same agency complicates reporting and relationships for NGOs.
- While some INGOs perform direct community services and are viewed as competitors by local NGOs, those who focus on grantmaking and support take a long-term, organisational-level and personal approach to their partnerships. They also focus on organisations whose issue areas traditional donors do not fund; global economic conditions affecting at least one such organisation's funding base is a cause for concern in this regard. Little analysis exists on the role of commercial managing contractors though they mediate a significant amount of donor funding to NGOs. The for- versus non-profit orientation of an INGO or NGO versus a commercial company unquestionably influences the orientation and incentives of the individuals within the institution carrying out the work though little data or critical attention to this question exists.
- Despite a rising trend of philanthropy and the CSR laws that require private companies to put part of their profits back into communities, few do. Reasons include a lack of trust.



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Many NGOs would hesitate to take the money for the same reason. NGOs only occasionally engage or conduct advocacy targeting private sector companies.

- Limited information exists on how NGOs can take advantage of the potential contributions of the middle and upper classes. Initial themes included a reformed tax code and changing negative impressions. Though reasons are not well-understood, trust in NGOs is low relative to other institutions.
- The mass media is generally positive about NGOs. Coverage in national print sources focused on national-level NGOs and on advocacy activities rather than direct service.

Approaches for working with NGOs as part of poverty reduction efforts range from using NGOs as implementers to taking systems approach to strengthening the NGOs as institutions. It is difficult to assess from available data the outcomes and cost effectiveness of various approaches. A review of available AusAID progress reviews shows some evidence for a connection between donor support at the organisational and sectoral level and improved community outcomes.

Initial recommendations from the first phase of the Review include that AusAID mainstream practices that improve the quality of its partnerships with NGOs during concept development and planning, when preparing budgets, when identifying partners, and when designing management systems, and gather information more systematically on its work with NGOs. In addition, the Review recommends that through a “NGO Study and Service Centre” AusAID:

- convene discussions/action planning and feeding in evidence-based research to support NGOs’ development of solutions to challenges;
- support development and implementation of a NGO accreditation system;
- sponsor a communication campaign on the role of NGOs that targets government, the private sector and the middle class;
- support targeted policy change efforts that lead to a policy environment more conducive to a healthy NGO sector;
- continue to expand and build an interactive database and NGO mapping system.

Questions for further study will form the basis for Phase II of the Review. Knowledge generated during Phase II will inform finalised recommendations to AusAID. Overall, the research will help answer the questions:

- In what areas and how can individual NGOs become stronger?;
- In what areas and how can relationships within the sector, including the role of support organisations, become stronger?;
- In what areas and how can the environment in which NGOs operate change to be more supportive for NGOs’ operations and programming?;
- In light of that information, how can AusAID most strategically support the NGO sector’s efforts to achieve a healthy sector over the long term?



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ACRONYMS

CSI	Civil Society Index/ <i>Indeks Masyarakat Sipil</i>
CSO	Civil Society Organisation/ <i>Organisasi Masyarakat Sipil</i>
CSR	Corporate Social Responsibility/ <i>Pertanggungjawaban Sosial Perusahaan</i>
GDP	Gross Domestic Product/ <i>Produk Domestik Bruto</i>
GoI	Government of Indonesia/ <i>Pemerintah Indonesia</i>
INGO	International Non-governmental Organisations/ <i>Organisasi Nirlaba Internasional Kalimantan Barat/ West Kalimantan</i>
KalBar	
NGO	Non-Government Organisations / <i>Lembaga Swadaya Masyarakat</i>
Ormas	<i>Organisasi Masyarakat/ Community Organisation</i>
PNPM	<i>Program Nasional Pemberdayaan Masyarakat / National Program for Community Empowerment MANDIRI</i>
RUU	<i>Rancangan Undang-Undang/ Draft Law</i>
TTS	<i>Timor Tengah Selatan/ South Central Timor</i>

AusAID Terminology

ACCESS	Australian Community Development and Civil Society Strengthening Scheme
AIFDR	Australia-Indonesia Facility for Disaster Reduction
AIPD	Australian Indonesia Partnership for Decentralisation
AusAID	Australian Agency for International Development
ODE	Office of Development Effectiveness

Names of NGOs

ACE	Association for Community Empowerment
BaKTI	<i>Bursa Pengetahuan Kawasan Timur Indonesia</i>
ICW	Indonesia Corruption Watch
LP3ES	<i>Lembaga Penelitian, Pendidikan dan Penerangan Ekonomi dan Sosial / Institute for Research, Education and Economic and Social</i>
NU	<i>Nahdlatul Ulama</i>
PATTIRO	<i>Pusat Telaah dan Informasi Regional /Center for Regional Information and Studies</i>
PEKKA	<i>Pemberdayaan Perempuan Kepala Keluarga / Women Headed Household Empowerment</i>
WALHI	<i>Wahan Lingkungan Hidup Indonesia / Indonesian Environmental Indonesia</i>



INTRODUCTION

This report summarises findings from the first phase of the Non-Government Organisation (NGO) Sector Review (the Review). The primary objective of the Review is to define a poverty reduction strategy for the Australian Agency for International Development (AusAID) in which AusAID seeks to maximise Indonesian NGOs' direct and indirect work on poverty reduction through engaging directly with NGOs or indirectly through improving the policy and funding environment in which NGOs operate. The Review is not an assessment of AusAID's programs related to NGOs or civil society; rather, it studies NGOs, the NGO sector and relationships to other sectors in order to identify areas where support or intervention from AusAID would make strategic sense to fulfilling AusAID's poverty reduction goals. In fulfilling this objective, the Review aims to produce new knowledge about Indonesia's NGO sector that may be useful to stakeholders within and outside of AusAID, including NGOs themselves.

This Review follows the AusAID Office of Development Effectiveness (ODE) report on AusAID's work around the world that "alongside government and private sector actors, civil society can contribute to positive and sustainable development in partner countries in many ways, including by delivering better services, enhancing social inclusion, and making governments more effective, accountable, and transparent."³ The Review focuses on NGOs and their position, strengths and weaknesses as civil society actors. As a practical matter NGOs are a gateway through which donors, government, INGOs, the private sector and the media interact with less formal community organisations.⁴

Several basic assumptions about NGOs themselves underlie the Review's approach. First, NGOs' role in development and poverty reduction can be direct through interventions at the family, household or community level or indirect through strengthening policies, service delivery and institutions that give poor people a say in the policies that affect them. Not all organisations need to take both approaches but both should be represented in a sector. Second, in line with AusAID values, organisations that promote violence or seek to maintain gender inequality are considered illegitimate regardless of the size of their membership base or their government registration status.⁵ Third, the potential comparative advantage of NGOs in Indonesia is generally not through large-scale service delivery but rather through reaching communities missed by government and the private sector and taking flexible, responsive approaches that the government bureaucracy is not equipped to take.⁶

An additional set of analytical principles underlie the work. First, in the creation of long-term strategy to strengthen NGOs, looking at the organisational level is not sufficient. Looking at the sector as a whole, in other words the relationships, commonalities and trends among NGOs

³ AusAID ODE, 2012:8

⁴ ACCESS, AusAID's well-regarded civil society strengthening programming which reflects some of the deepest analysis of the civil society sector in Indonesia, itself distinguishes between "boundary partner" and community-based organisation (CBO).

⁵ Beyond the scope of Phase I of the Review was a look at the "uncivil" organisations including militant religious groups that are playing an increasingly vocal role in Indonesian politics and in countering socially progressive activism (e.g., violence by the Islamic Defenders Front [*Front Pembela Islam, FPI*] and the Indonesia Mujahideen Council [*Majelis Mujahideen Indonesia, MMI*] that disrupted public discussions led by the Canadian female Muslim scholar Irshad Manji in May 2012 in Jakarta and Yogyakarta). A source to consider for further information and analysis is (Beitinger-Lee and Verena, 2009., *(Un)Civil Society and Political Change in Indonesia. A Contested Area*. London: Routledge)

⁶ Exceptions to the assumption that the strength of NGOs in Indonesia is generally not large-scale service delivery are the hospitals run by sub-branches of large mass-based Islamic movements and the *zakat* charity vehicles governed by the state.



overall, is also important. So is understanding the role and potential role for other sectors with relation to NGOs and the NGO sector. (For the purposes of the Review these other sectors are considered the “operating environment.”) Finally, policy- and decision-making, whether by AusAID or other stakeholders, is more effective when supported by strong data.

The Review Phase I aimed to propose a strategic analysis of the sector in light of what a healthy Indonesian NGO sector should look like in 10 years after the start of the Review according to stakeholders in particular NGOs themselves.⁷ However, consultations in and about the NGO sector stressed that NGOs themselves feel a lack of a common identity and purpose for the sector since the reform period (*Reformasi*) post-Soeharto, in particular those NGOs founded in opposition to the Soeharto regime.⁸ The views on NGOs in other sectors are also in flux, particularly in government. This report thus presents analysis of stakeholder interests and sectoral strengths and weaknesses with an eye to good NGO management practices, improved financing options and strengthened relationships among sectors.⁹ The Review recommends in Annex 1 ways that AusAID can contribute to the discourse within and about the NGO sector that will help a more clear locally-appropriate picture to emerge and form a basis for action. The “critical questions” that this analysis and the recommendations generate are compiled in Annex 2 for use in designing the Review’s second phase.¹⁰

FIRST PHASE APPROACH

The Review’s first phase focused primarily on reviewing existing studies, evaluations, and reports about the NGO sector and on drawing together the existing knowledge of practitioners and activists who work in or with Indonesian NGOs. Additional detail regarding Phase I methodology is found in Annex 3. The approach consisted of:

- structured reviews of academic literature, donor and policy centre reports, program documents and evaluations, and relevant laws and regulations;
- scanning over a three-month period three national daily newspapers and a prominent weekly news magazine;
- key informant consultations individually or in small groups with 192 people from national and subnational NGOs and NGO networks, AusAID and other donor agencies, national and subnational governments, INGOs, managing contractors, the media, private sector Corporate Social Responsibility (CSR) units, and individual activists, experts and consultants;¹¹

⁷ The Review also proposed to look at trends and structures globally and in other countries’ NGO sectors that may provide examples for ways forward for the Indonesian sector. This will be a key activity for the second phase of the Review, as the critical questions that emerged during the first phase provide a basis for more targeted research into these questions.

⁸ Latin American NGOs also experienced this identity crisis after transitions from authoritarian rule in the region (Banks and Hulme, 2012).

⁹ Financing in NGOs includes not only cash but also voluntary and in-kind support, including that which strategic partnerships provide.

¹⁰ A second report will present the design for this second phase of the Review, which will consist of original research necessary to fill gaps in knowledge and understanding.

¹¹ The Review spoke to almost all sectors and units within AusAID Indonesia that engage in some way with civil society in addition to the Performance and Quality Unit, Finance Unit, and Procurement Unit in addition to managing contractors for the Australian Community Development and Civil Society Strengthening Scheme (ACCESS) program, Australia Indonesia Partnership for Maternal



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- building a database and compiling existing quantitative data on NGOs in Indonesia;¹²
- compiling other relevant quantitative and financial data, including that kindly furnished by the AusAID Finance Unit; and
- rapid surveys and mapping of NGOs during field work in two districts;
- focus groups with community members in the same two districts;
- statistical analysis and mapping of existing data.

While the majority of the Phase I work took place in Jakarta, it also included some field study:

- Around five days each for three researchers for NGO surveying, mapping and consultations with NGO representatives and representatives of other sectors in Ketapang District, West Kalimantan (Kalbar) Province and South Central Timor (TTS) District, East Nusa Tenggara (NTT) Province;
- Around two days each for two researchers in the city of Pontianak, Kalbar and the city of Kupang, NTT for a limited number of consultations;
- Two days for one person in the City of Tasikmalaya in West Java Province, focused on assessing the government registration system and accessibility of government data.

Given the mandate for the Review's Phase I to identify and report on the state of the knowledge about the Indonesian NGO sector, the report necessarily makes generalisations about NGOs and identifies broad themes in the sector overall. Moreover, the viewpoint taken during Phase I was national-level with no particular focus on any one region. The goal of the field work in TTS and Ketapang was to get inputs from organisations and stakeholders outside of Jakarta and to pilot possible approaches to more systematic field work during Phase II of the Review, rather than to attempt to draw systematic conclusions about NGOs or their relationships with other sectors in particular types of contexts.

As such, themes that emerged across consultations, whether in or outside Jakarta, form the basis of the bulk of the findings.¹³ The themes and findings when possible are triangulated against existing analysis and data and supported by the small sample of surveys conducted for the Review. Ten NGOs completed surveys in Ketapang and 13 did so in TTS. An explicit focus in Phase II will be to seek and learn from exceptions to those broad generalisations, both at the organisational level, within NGO subsectors and across localities within Indonesia. Although

and Neonatal Health (AIPMNH), and The Asia Foundation (TAF) which manages several AusAID grants through different program streams.

¹² The database compiled for this phase of the NGO Sector Review is the largest known database of Indonesian NGOs, including data on 4190 unique organisations sourced from mailing lists of the Indonesian NGOs SMERU and Penabulu; AusAID MAMPU and ACCESS partner lists; an USAID partner list; the governments of the City of Tasikmalaya, District of Ketapang, and Province of West Kalimantan; STATT's NGO mailing lists; and quick surveys for the Review in TTS and Kalbar.

¹³ In most cases, the report does not cite individual consultations. Practically speaking this would require thousands of citations; it also helps protect informants in cases when the subject matter is sensitive or political. A list of citations from written sources by section of the report appears at the end of the report, in addition to a full reference list.



Phase I incorporates some international literature, Phase II will also draw more heavily on international comparative data and information than was possible within the scope of Phase I.

POSITIONING NGOS

NGOs are part of civil society, “a wide and growing range of non-government and non-market organisations through which people organise themselves to pursue shared interests or values in public life,” according to AusAID’s *Civil Society Engagement Framework*.¹⁴ Civil society organisations (CSOs) are a space through which the public checks the power of the state and market by advocating for justice in social and economic matters, and by addressing social development needs that the state and market do not or cannot address.¹⁵ Membership in CSOs is voluntary and organisations are self-governing with any profits turned back into the organisation rather than into the hands of private individuals.

While there are many possible ways to sub-categorise CSOs, for the purposes of the Review, the level of operations is most useful.¹⁶ Under a level of operations framework, CSOs include community-based organisations (CBO; *organisasi berbasis masyarakat* in Indonesian), which operate at a local level of operation and depend on membership contributions to operate, most often in service to those same members. It also includes NGOs, the focus of this Review. The Review distinguishes NGOs from CBOs by their more complex organisational structure, reliance on paid or voluntary staff, minimum financial base and focus on serving others through direct service, community organising and/or advocacy rather than engaging in self-help.

The prominence of mass membership-based organisations in Indonesia complicates this distinction somewhat. The Islamic mass-based organisations Muhammadiyah and Nahdlatul Ulama (NU) are the most prominent examples representing a combined membership of around 60 million people.¹⁷ Various parts of these organisations fill a wide range of functions from religious study, education, health programs and businesses for income generation to involvement in formal politics. The central organisational structures of Muhammadiyah and NU do not classify as NGOs for the purposes of the Review, as they provide their members with a common identity and social support but do not perform externally-focused services. Similarly, other important organisations in Indonesian civil society, beyond the scope of Phase I of the Review, are mass-based farmer and labourer unions and federations, as well as “social movements” of urban labourers. While these types of CSOs were not examined for the Review, similar typological questions and likely many of the same challenges and strengths apply to them as to religious and other mass-based organisations.

Muhammadiyah and NU each have a number of autonomous affiliated institutions that do function as NGOs serving the wider community and not just members.¹⁸ For these affiliated

¹⁴ AusAID, 2012:1

¹⁵ Civil society in English translates to *masyarakat sipil* and *masyarakat madani* in Indonesian. The Review will use the former. Civil Society Organisations (CSOs) are *Organisasi Masyarakat Sipil* (OMS) in Indonesian.

¹⁶ Ibrahim (2006) includes 19 types of groups/organisations into the category of civil society in Indonesia. McCarthy (2002) lists four, including subcategories, and three categories of groups are not part of civil society but that have an important role.

¹⁷ This number likely includes adherents who have not paid fees to become an official card-carrying member in addition to official members (personal communication, H. Antlöv, 3 December 2012; personal communication, Y. Lutfiana, 30 October 2012)

¹⁸ These affiliated NGO-like institutions are called *lembaga* (institutions) within NU and include LAKPESDAM, which is a partner organisation for the World Bank’s PNPM Peduli program, and *badan otonom* (autonomous bodies) within Muhammadiyah, notably



institutions, leadership and management are voluntary and rise out of a large membership base. The volunteer manager and staff contribute their time and expertise towards working for others, and as such fill the same function as if they were paid staff.¹⁹ Many other less-prominent and long-standing organisations function with a similar tiered structure and rely on voluntary organisers and service providers, at least at the local level.

TYPOLGY

While this Review originally aimed to present a common typology and vocabulary for discussing the various types of CSOs that exist in Indonesia, two principal barriers existed to doing so. First, various actors attach great political and ideological meaning to various terms used in the Indonesian context which the Review does not aim to address or chose between. As such, any terminology presented here clarifies usage for the Review only rather than to make claims about correct usage outside of the Review context.

Second, the Government of Indonesia (GoI) lacks a clear classification system though such a system often forms a useful basis for organisational typologies. Legal status is not a distinguishing feature in the Indonesian context.²⁰ As is true in other parts of the world, many unregistered organisations are active in the community as legitimate NGOs and, conversely, many registered organisations do not engage in any type of community activity or play an exclusionary role. Annex 4 clarifies relevant legal terms and overlapping terms that common use and Annex 6 clarifies the registration process.

Rather than attempting to provide a definitive typology, the following questions can help insiders and outsiders make sense of main tangible features that distinguish NGOs from each other in the Indonesian context. Understanding these features for a given organisation will help an observer or potential partner understand an organisation's orientation and abilities for performing certain kinds of functions or collaborating effectively. Following each question is a note regarding AusAID's history working with or not working with various types of NGOs. During Phase II, more work could be done to understand the quality of the outcomes of such collaborations by AusAID and the potential for partnerships with other types of NGOs. The presentation here of these eight questions does not imply a quality judgement of certain types of organisations, simply present features based on themes that emerged throughout the first phase of the Review. Some of these aspects of a particular organisation may change over time.

1. *What is the organisation's scope of focus (national, provincial, or district)?* Many organisations with Jakarta, West or Central Java offices have programs running in a limited number of districts (or sometimes subdistricts) but given their access to international donors and the national government can be considered "national," e.g. PEKKA, PATTIRO.²¹ In Indonesia, AusAID primarily partners directly with national-level

Aisyyiah which is a partner for AusAID's MAMPU programs. AusAID does provide grant funding to both organisations' central structure.

¹⁹ Volunteers' contributed time can be considered a contribution to the revenue of the organisation.

²⁰ An interesting exception is the trend in recent of organisations previously registered as non-membership *yayasan* (foundation) switching their registration to the membership-based *perkumpulan* (association) because of a sense that the classification better reflected their values (Antlöv et al, 2010).

²¹ A small number of organisations have a regional focus encompassing multiple provinces, e.g. BaKTI in Eastern Indonesia.



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organisations, trusting them to partner with subnational organisations, or AusAID partners with commercial managing contractors or INGOs for the same purpose.²²

2. *Is the organisation membership-based or not? What is its main source of funding?* Indonesian NGOs rarely have diverse sources of funding and their behaviour as an organisation is often linked to the nature of their funding source, whether government, international donors, private individuals or the private sector. Other than partnerships with mass-based organisations focused on community disaster preparedness, AusAID primarily partners directly with non-membership based NGOs.
3. *What is the size of the organisation's budget?* Some NGOs operate based purely on in-kind contributions whereas some operate with multi-million dollar budgets. While comprehensive information was not available for preparation of this report, based on a scan of AusAID partnerships for the Review it appears that AusAID Indonesia does not directly partner with organisations with annual budgets of under \$2 million.²³
4. *What is the principle type of activity or activities that the organisation engages in?* Among others, there are research NGOs, advocacy NGOs, charity and direct service NGOs, NGOs that organise communities to do self-help and media, arts, and culture NGOs. Organisations funded by AusAID work on issues as varied as agriculture, children's rights, disaster and emergency preparedness and relief, informal education, governance and government accountability, maternal health, HIV/AIDS, peace building and democracy, and women's rights and wellbeing.
5. *What is the issue that the organisation intends to address with its activities, or is the organisation a "generalist"?* New observers to the Indonesian context will observe that many organisations have difficulty defining their core issue, either identifying a long list or aiming to "empower" a community. In some cases, this lack of definition is due to the organisation taking whatever project a donor offers and in some cases because their priority focus is on meeting the needs of a target subpopulation. AusAID aims to partner with organisations that have a speciality or have a proven track record in a particular issue area.
6. *What is the nature of the target population that the organisation aims to serve with its activities?* NGOs focus broadly on a geographical community, on an identity-based subpopulation (e.g. women, indigenous groups [*masyarakat adat*], disabled people), on serving other organisations through capacity development or grantmaking, or on Indonesia as a whole. The NGOs that AusAID contracts directly typically on grant to other NGOs or work with their branch offices to deliver the requested project. The subgrant NGOs or branches tend to focus on delivering services in distinct geographical communities, or on improving subnational government service delivery systems in those communities.

²² The information on the nature of AusAID Indonesia's partnerships with NGOs is based on analysis of AusAID financial information for the Review. AusAID readers please see Annex 8.

²³ This is likely due primarily to a concern of project budget absorption rather than specifically a hesitation to give out relatively small amounts of money through any given channel. There are dozens of short-term contracts on the AusAID books that are in the thousands of dollars, tiny compared to the overall budget.



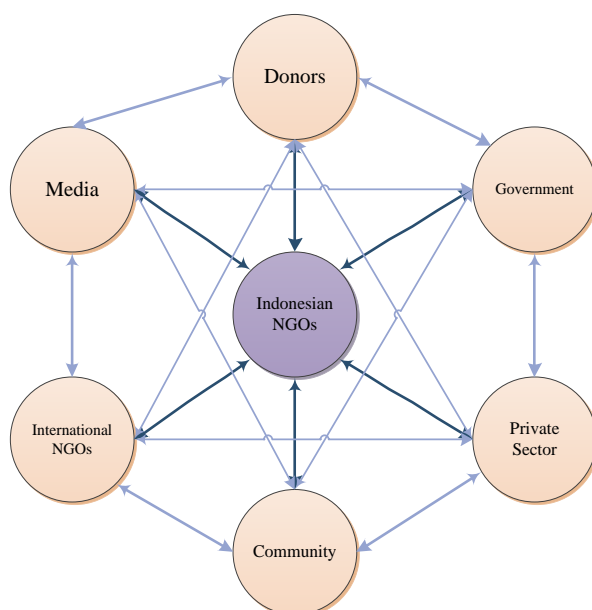
7. *What is the founding basis of the organisation and of change within the organisation?*

There are NGOs started by student activists, whether in opposition to the Soeharto regime or in response to local government failings, although this tradition has begun to die out. Some were started by an individual government official or as a government-funded independent commission. Some evolved out of donor projects. Many were started by a religious organisation. Some were started by individuals in response to a locally identified need. Some started in response to a request or availability of funds from a donor or the government. The same sort of factors drive change of focus and structure within the organisation; for example, organisations that started out as donor projects often – though not always – continue to change and evolve based on direction set by donors. The AusAID partnership patterns in this regard are not clear from data available to the Review at the time of writing. However, of the six Indonesian NGOs that have had multiple grants from AusAID between 2007 and 2012, two are mass-based organisations for disaster prevention and preparation activities and two are donor-initiated organisations that work as intermediaries and in capacity building roles.

8. *At what stage of an organisational life cycle is the NGO? How long has it been since the organisation carried out an activity?* (See the Life Cycle section below.) Whether an organisation is stable as an institution, has not yet reached a “tipping point” that will provide stability, or has become inactive will greatly affect an organisations ability to carry out quality, well-managed activities. It is unlikely given the strict financial controls in place that AusAID ever directly funds an organisation that has been inactive for any amount of time; however, it is quite possible that AusAID money goes indirectly to such project-dependent organisations via intermediaries. Information is not available to the Review as of this writing to make a more exact assessment.

DEFINING THE OPERATING ENVIRONMENT

Graphic 1: Operating Environmentt



NGOs function in a broader system of sectors each with a distinct relationship with the NGO sector. Graphic 1 shows this “operating environment” as conceptualised for the purposes of the Review. The operating environment here means the laws and regulations that affect NGOs’ functioning, the funding available in practice to them, their relationships with other sectors including government, the private sector, the mass media, and the public at large, and the coordination among donor bodies for everything from simple matters like reporting forms to complex jointly-funded programming. Government and the private sector are the



two other sectors that, along with civil society, form the foundation of contemporary societies according to international development discourse popular since the collapse of the Soviet Union in the late 1980s. Government plays the role of protecting and regulating certain aspects in the lives and activities of citizens, with the authority to punish any conduct considered as violating the law. Although the GoI has attempted to take an active role in addressing poverty, unemployment, and public infrastructure need, without checks and balance, states can overreach its power or fail to meet citizens' need.

The private sector is the main engine of the modern market economy, it encompasses small- to large-scale enterprises focused on earning income and making profits. Due to its primary focus on profit, the private sector can make decisions counter to the good of the environment and community. In Indonesia, laws governing limited liability companies (*perseroan terbatas* or *PT*) require them to engage in CSR activities.

In addition to the state and the private sector, other sectors key to the analysis of NGOs in Indonesia are:

- foreign bilateral or multilateral donor agencies (to a country's institutions, donors). Donors offer, external assistance to help them address development challenges, develop new knowledge, and provide access to international best practices;
- international NGOs (INGOs), based outside Indonesia though operating here in a range of capacities in relation to Indonesian NGOs as explored below. INGOs are almost exclusively based in Western democracies though have varying relationships to and degrees of embeddedness in to the local context;²⁴
- the mass media, a requisite agent for promoting governance and overseeing development in a democracy;
- the general public, both the intended "beneficiary" of NGO activities as well as a potential funding source.

Commercial managing contractors also play a key role that will be explored in the relevant section below. In practice, they serve as an extension of donors so do not appear separately in Graphic 1. Political parties are an additional part of the operating context whose role was not explored in-depth for Phase I of the Review beyond a mention below in the section on human resources that some NGO leaders leave NGOs to join political parties.

Organisations in one sector may play very similar functions as those in another. For example, grantmaking organisations may be INGOs, local NGOs or donors. Organisations that "manage contracts" from donors and subcontract other entities to perform activities on the ground may

²⁴ Legally, some organisations that the review considered INGOs are registered with the Government of Indonesia (GoI) as domestic organisations (e.g., World Wildlife Fund, International Animal Rescue). However, given the financial and management support from the global headquarters and relatively high profile that these organisations enjoy due to their international affiliations and name, conceptually they "act" as INGOs due to their privileged position compared to domestic NGOs. There are some Indonesian NGOs that have registered in the US to take advantage of tax-exempt donations from supporters there (e.g. Gunung Palung in Ketapang, Lontar in Jakarta). There is a new USAID Asia regional program for Indonesian NGOs to provide support to CSOs in other Southeast Asian countries, IKAT US. Other than that, the Review has not encountered any NGOs based in Indonesia that operate programs outside of the country.



be commercial "managing contractors" or INGOs, or occasionally Indonesian NGOs.²⁵ What distinguishes them from each other is their basis as a for- or non-profit entity, governmental or non-government status, and their scope of geographical focus. What this means in practice is that NGOs can and do play a wide range of roles from grantmaking and other forms of support to other NGOs to performing direct services to individuals in need. (Grantmaking and training organisations are part of the "support" subsector described in the section on the relationships within the NGO sector.)

EVOLUTION AND TRENDS

Into the 1970s, globally and in Indonesia NGOs were limited in number and mainly charity-or relief-focused. In civil society more broadly, before independence and throughout the "Guided Democracy" under Indonesia's first President Soekarno, youth activism, indigenous organisations, and mass-based organisations played a considerable role in the public arena. Muhammadiyah and NU created their own political parties under Soekarno's presidency. With the brutal transition to the New Order regime under President Soeharto, the state limited civil society organisations' political expression and engagement. The regime saw CSOs as in opposition of the state and co-opted or repressed them including through a number of regulations that aimed to minimise their influence.²⁶ Three prominent INGOs, The Asia Foundation (TAF), the Ford Foundation and Oxfam began working in Indonesia in the mid-1950s, mostly at that time and into the 1970s providing direct service to communities, scholarships for Indonesian students to study in foreign universities, or expert advice to government.

Under Soeharto in 1966, Indonesia re-joined the Bretton Woods system made up of the International Monetary Fund and World Bank, beginning a sharp increase in foreign funding to the GoI from Western democracies. Despite economic growth as high as 7% per year, a movement of criticism and opposition re-emerged from the university and intellectual communities, focused in part on opposition to foreign capital injection into the country. A few political and economic human rights organisations started in the 1970s and 1980s, informed by activists that had been educated in humanist traditions in the Netherlands, including LP3ES (1971) and WALHI (1980). Meanwhile mass-based organisations and volunteers continued their direct services mostly in education and development work in communities.

In the late edge of a global trend, in the mid-1980s international donors as well as the INGOs began to provide funding and support for NGOs. According to one study, this was due in part to the high rate of corruption in the New Order government.²⁷ Another factor was recognition of the role of civil society in Latin American and other transitions to democracy at this time.²⁸ A new generation of students, together with journalists, professionals, intellectuals, and religious leaders, played key roles in the mobilisation for democratic change in the late 1980s. Their influence extended to farmers, landless peasants, labourers, women, minorities, and other

²⁵ Kemitraan and ACE are two examples of Indonesian NGOs that serve in a "managing contractor" role.

²⁶ E.g. *Undang-undang No. 8 Tahun 1985* and the *Peraturan Pemerintah (PP) No. 18 Tahun 1986* (law regarding mass organisations and its implementing regulation) and *PP 29/1980* (regarding donation/fundraising).

²⁷ Prasetyantoko and Ajisuksmo, 2012

²⁸ Personal communication, H. Antlöv, 3 December 2012



marginalised groups. Meanwhile, Soeharto-related conglomerates increasingly dominated the economy.

Prompted by economic crisis, mass protests in Jakarta and other urban centres with student and activist bases such as Yogyakarta, Bandung, and Makassar led to Soeharto ceding power in 1998, followed by exponential growth in the NGO sector and unprecedented diversity in its regional spread and issue focuses. President B. J. Habibie, who served immediately following Soeharto, created independent commissions, some of which now function as NGOs with small operational grants from government. These include *Komnas Perempuan* and *Komnas HAM*. Donors globally and in Indonesia focused on democratic reform, and began to focus on poverty alleviation, continuing to channel part of their money to NGOs. Prominent organisations like ICW and the Urban Poor Consortium started in the newly open democratic space. In West Timor (NTT), a new generation of NGOs arose in response to the influx of refugees fleeing massacres in East Timor in 1999. Beginning in 2001, Indonesia started to decentralise decision making power and administrative responsibility for delivery of most government services to the district level, giving around 500 districts and cities power over financial resources.

Current Social and Political Environment

Decentralisation gave rise of a new generation of NGOs with a local focus on governance and public service. Against this context, civil society, including NGOs, have played critical roles in a number of important arenas, such as promoting free and fair elections, advancing the rights of association and free speech, and furthering the spread of grassroots activism. At the same time, civil society groups that were united against Soeharto are now without a common enemy and something to unite them to a common cause. The shift to local decision making has accelerated this.²⁹ The once powerful student movements have lost momentum and influence.

In a report that drew on case studies in 10 countries and international monitoring reports from the UN and CIVICUS and Transparency International, the Act Alliance found that globally “the political, legal and operational space for NGOs and CSOs has been shrinking in the recent years.”³⁰ The situation for NGOs in Indonesia overall is not consistent with this global trend. Overall, although there is still public suspicion of NGOs, space for cooperation between NGOs and government continues to open up and professional staff of NGOs rarely experience violence or legal restrictions. Mindsets within both NGOs and government have begun to change about working together. NGO leaders are joining political parties or going into government in numbers that would have been impossible under Soeharto.

There are exceptions. Since 2008, the government and national legislature were debating a revised law governing community organisations (*RUU Ormas*) to replace the repressive Suharto-era Law 8/1985.³¹ If it passes, the law would technically apply to all nongovernmental,

²⁹ Latin American NGOs also experienced this identity crisis after transitions from authoritarian rule in the region (Banks and Hulme, 2012).

³⁰ Act Alliance, 2011, p. 3

³¹ In this context, “community organisations” is used for the Review as the best translation for the text of the draft law and should not be confused with the “community-based organisations” referenced in the section on positioning NGOs. Although “*ormas*” has historically been used as the shortening of “*organisasi massa*” or mass-based organisations, the *RUU Ormas* draft text refers as of December 2012 to “*organisasi masyarakat*,” which translates best to “community organisations” (GoI, 2011). Moreover, the *RUU*



nonmarket organisations in the country. Current drafts have clauses requiring organisations to seek permission from government before accepting foreign-sourced donations or making program expenditures above Rp. 500 million (around \$ 50,000 AUD).

Government and private sector parties are only starting to consider “watch dog” a legitimate role for NGOs. This creates a communications barrier when NGOs have valid critiques. Officials accused of corruption may threaten defamation suits, though the suits are rarely brought to court. More worryingly, vocal anti-corruption NGO representative, vocal human rights organisations, grassroots activists and community leaders might face violence or intimidation from *preman* (local thugs on hire by local politicians), hardline Islamist group or the police. This is most likely when they are dealing with land or labour issues or with culturally sensitive issues like gender or LGBT rights. The suspected murder in 2007 of human rights activist Munir has never been resolved or addressed. Activists in Papua regularly face violence and have faced sedition and rebellion charges.

Current Funding Environment

As discussed above in the section of financial management, NGOs in Indonesia are largely reliant on international donors for funding. Donors continue to focus on poverty reduction along with a focus since 1999 on decentralisation and reform of government institutions. In 2009, donors signed a declaration developed with government agreeing to conduct activities in areas according to government need.³² NGOs other than mass-based membership organisations have difficulty accessing public and corporate funding and rarely bother with trying to access potential government funds. The national government introduced laws that require private companies to give profit back to the community, though few work with NGOs to do so. Graphic 2 provides a picture of money flows from a bilateral donor like AusAID to reach CBOs and ultimately the target community of a given funding stream that involves NGOs in implementation and focuses on subnational service delivery or governance.³³

From the bilateral donor, money may go first to a national NGO or NGO network, through a multilateral donor or to a for-profit managing contractor or INGO. The multilateral donor will itself go through a MC or INGO, or partner with a national NGO. An INGO or managing contractor may partner with a national NGO or directly with subnational NGOs. In some cases, an INGO works directly with the community. A national NGO will then go through subnational partners or branches that then interact with the target community directly or via CBOs. Private sector or government may contribute towards national or subnational NGOs. Each “layer” also does work on its own initiative with funding from sources other than depicted here, including for mass-based organisations funding from membership fees.

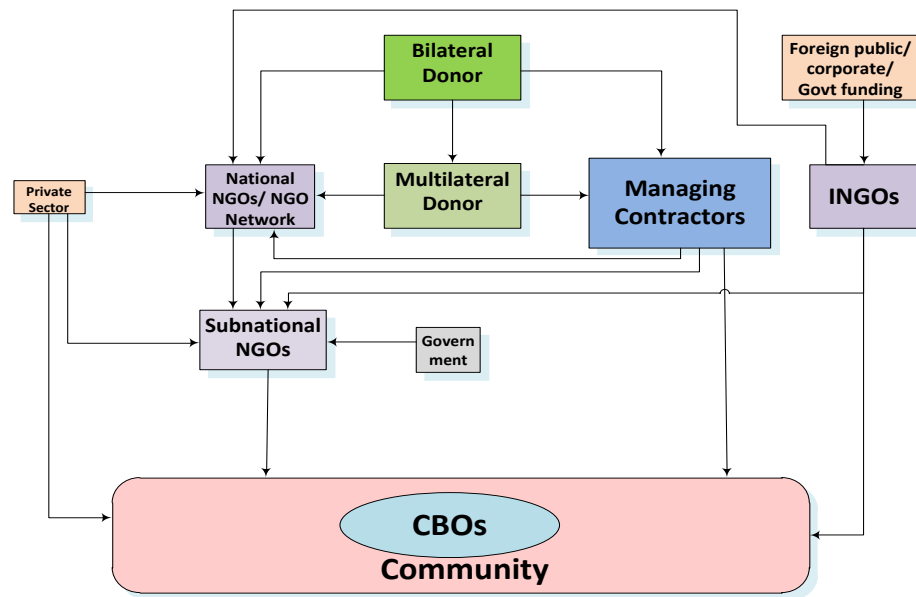
Ormas is meant to cover any and all non-state, non-commercial organisations and thus the meaning of “*ormas*” in the text is broader than mass-based organisations.

³² The “Jakarta Commitment: Aid for Development Effectiveness Indonesia’s Road Map to 2014” (2009), linked to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action

³³ To the extent that INGOs channel public funding from abroad they serve as donors in their own right.



Graphic 2: Funding Flows



This picture is extremely simplified. To start with there are many bilateral donors and several multilateral ones.³⁴ Although the graphic depicts money flows, there are many other aspects of relationships among sectors, albeit that are affected by the money flows, including information, accountability and decision making power for organisations, programs and campaigns. Funding may or may not come along with support and “capacity building” or “capacity development,” explored further below.

MAKE-UP OF THE SECTOR

Based on an estimate for the Review there are 2,293 active and viable NGOs throughout Indonesia. The calculation is based on the 11,468 NGOs registered with the GoI in 2010 and an estimate based on field work for the Review that 20% of the organisations on the government list are active and viable organisations.³⁵ Information on which to compare the issue areas, scope, structure and other elements of NGOs across regions or across subsectors is largely lacking.³⁶ This is true in previous studies as well in the database compiled for the Review.³⁷ For

³⁴ As many as 22 countries and multilateral institutions signed the 2009 Jakarta Commitment.

³⁵ The government data comes from PPATK, 2010. The 20% estimate comes from Kalbar district government data spot-checking by the Review team. One aspect of the Phase II proposal will be to continue work on surveying and mapping NGOs to further refine and expand that data available for regional comparisons and other analysis. Another will be to build an interactive database and map that users can update through online and mobile phone technology. This estimate can be refined further in Phase II and analysis conducted such that an approximate figure for the number of active, viable NGOs in each district can be generated.

³⁶ The Review team chose these districts based on a general interest in visiting areas off Java, a compilation of recommendations from informants, and availability of local contacts. Based on the experiences there the Review will recommend for Phase II more extended and in-depth field studies in a larger number of districts throughout Indonesia chosen through systematic attention to factors such as the strength and basis of the local economy, presence or lack of private industry, access to basic services, and location in or outside AusAID's priority regions.

³⁷ A substantial literature exists on civil society's efforts to engage government at a subnational level though they do not tend to take an approach that provides comparative insights into different features of the civil society or NGO sector in those places. See e.g., MacLaren et. al, 2011; works by Antlöv; Triwibowo, 2011; Sidel 2004; Golub 2006; McCarthy & Kirana, 2006.



NGO Sector Review: *Phase I Findings*

72% of organisations in the Review database, data available is currently limited to name, address and name of contact person. Based on spot checks in one district, at least half of this information is likely to be out-dated. Other than data collected from a small number of field surveys implemented for the Review, the database does not include information on size of NGOs, funding amounts or sources, or participants/beneficiaries. Unsurprisingly, a theme in consultations for the Review was the lack of publically available information on NGOs. The lack of information creates difficulties for potential partners - whether other NGOs, donors, CSR or GoI - to identify where NGOs were operating, what they are working on and how to contact them.

The database compiled for the Review and provincial-level data from the GoI does provide an overall picture of the geographical spread of NGOs in Indonesia and factors that contribute to that spread. See Annex 5 for data and maps on the district and provincial distribution of NGOs alongside population totals, regional gross domestic product [GDP], and the major issues that emerged from a Google.com search on NGOs in each province. While the relationship between a region's population and the number of NGOs is not statistically significant, there is a strong positive correlation between a region's GDP and number of NGO's (i.e. the higher the GDP, the higher the number of NGOs).³⁸ This and a similar finding in Bangladesh in 2005 suggest that NGOs are a function of rising income. This conclusion reinforces the need to understand in practice how NGOs who claim to do so connect to and represent the poorest and most marginalised communities, a concern explored in the next section.³⁹

The state of the existing data on activity and issue areas also mirrors a generalist tendency of many Indonesian NGOs. While about half of the entries in the database contain information on an organisation's activities or issue areas, up to five of each are listed. While in part this may reflect NGOs' desire to be open to available funding from donors, it also may reflect a tendency to take a "holistic" approach. Such a tendency is also true of NGOs in countries as diverse as Bangladesh, Ethiopia, India, Peru, South Africa and Uganda.⁴⁰ From data available elsewhere and in line with global trends it is clear most NGOs take an approach of service delivery or organising communities for self-help rather than focusing on systems, macro-level change.

³⁸ This correlation is statistically significant at the highest level. Pearson's correlation and bivariate regression were used to examine these questions. The reasons for outliers evident from the visual representation in Annex 5, Maps 5-1 and 5-2, such as Aceh and Lampung are not clear. They may lie in the quality of data available, or in Aceh's case with the tremendous rise in the number of NGOs after 2004's Tsunami and the influx of donor funding that followed. Many such NGOs have gone inactive but may still appear on government registration lists.

³⁹ Most notably, the number of NGOs in Jakarta proper (DKI Jakarta) is disproportionately high compared to its population, 18% - 22% of NGOs compared to 4% of the population. (The 18 - 22% range given for DKI Jakarta proportion of NGOs respectively reflects the percentage in the Review database and the percentage based on government data.) However, there is no way to tell from existing data how many of the NGOs registered in Jakarta have a national or a Jakarta-level scope of focus. In some cases, NGOs may be started as their own income-generating schemes according to both Indonesia-specific and comparative sources (e.g. Holloway, 2001). The disproportion may be skewed additionally high due to internet access issues outside of urban areas and possibly increased likelihood to register in urban areas -- the data for the Review database was sourced primarily from online databases and mailing lists.

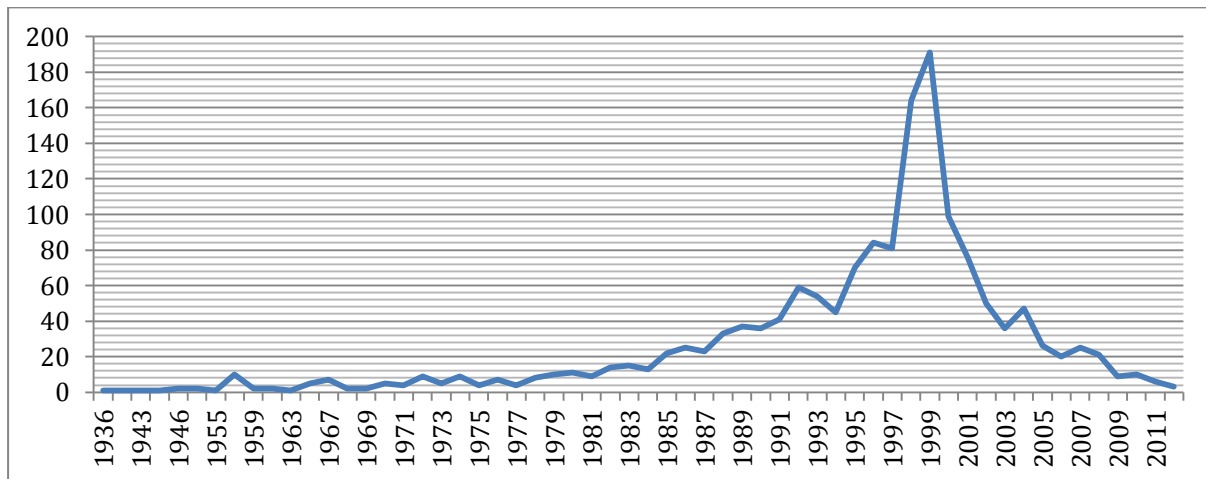
⁴⁰ Given the broad focus of Phase I the Review did not analyse in any depth existing subsector reviews on e.g. human rights organisations, environmental organisations, or women's rights organisations, or gather the specialised knowledge of practitioners in the areas of disaster prevention and response, legal aid and conflict and development. For Phase II these studies and ongoing work at AIFDR, AIPJ, TAF, the World Bank's Justice for the Poor and Conflict and Development programs, AusAID Health unit and on the subsector of disabled people's organisations will be important sources. Although think tanks, research institutions, and universities are often NGOs and have an important role to play within the sector, most other work from AusAID's Knowledge Sector Unit is focused specifically on such institutions



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Finally, the data in the Review database does provide a picture of the trends over time in the size of the sector overall. Chart 1 shows a timeline for the founding dates of NGOs in the Review database. Of the 1560 organisations for which information is available in the Review's database, 39% started between 1997 and 2001. These trends reflect the historical findings related above in the section on the evolution of the sector.

Chart 1: NGOs' Founding Dates



RELATIONSHIPS WITHIN THE SECTOR

A principle concern raised by NGOs themselves throughout this Review was the competition and lack of cooperation, unity, and communication among NGOs. Some attributed this to a missing common enemy since Soeharto fell, while others attributed it to more immediate concerns such as competition for funding. Still others attributed it to “ego” on the part of individual activists. At the same time, at least at a local level, NGOs and activists can show strong unity when they feel threatened or identify an issue in the community that is of common concern. (Conversely, organisations will exclude and marginalise other organisations that they view as corrupt or as harbouring a hidden agenda.)

NGOs would have difficulty operating in isolation from each other. Subnational NGOs and branches rely on formal or informal, and often indirect, links to national ones for information, money, and training and other organisational capacity development. In turn, the more local NGOs link directly with community members or with existing CBOs to carry out the programs.⁴¹ See Graphic 3.

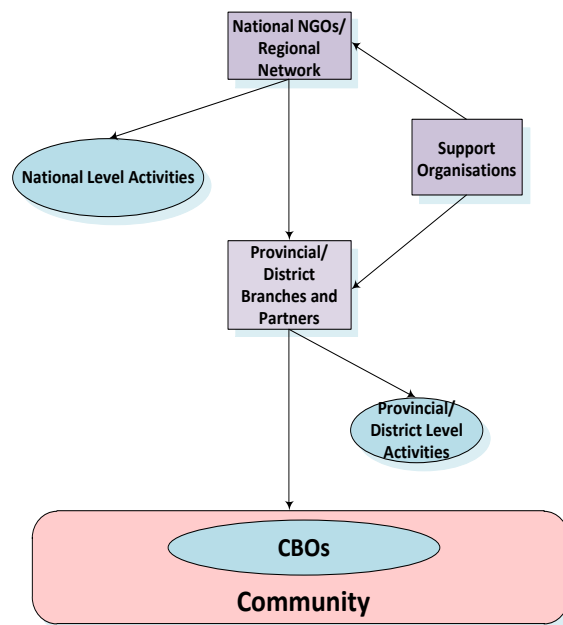
⁴¹ This type of relationship may be more common in Indonesia than in other countries based on comparative literature (e.g. Banks and Hulme, 2012). However, in Bangladesh, most NGOs have a central/branch structure (Varun and Galef, 2005). With notable exceptions such as Gunung Palung in Ketapang, non-membership based local organisations are in practise community service groups that gather together on a regular or semi-regular basis to do charity work or small, finite community improvement projects, rather than NGOs with an organisational structure and identity separate from the individuals. In other cases, the organisations exist in name only, promoted by an individual or small group without substantive activities.



NGO Sector Review: Phase I Findings

Moreover, NGOs are often members of multiple regional or issue-based networks.⁴² Issue-focused networks serve as a focus point of communication and interaction between the NGOs and government at the provincial and national levels. Multi-sector networks aim to draw together NGOs across a geographical region such as a province and can play a part in places where they are active in linking NGOs to funding sources. Networks also may provide capacity building for members.

Graphic 3: Relationships within the Sector



In Indonesia, neither the layered partnership arrangements nor formalised networks consistently provide an effective mechanism by which good practices developed in one region are shared and spread to other regions.⁴³ Arrangements in which a subnational NGO receives money and technical assistance and oversight from a national NGO, INGO or managing contract are often termed “networks.” However, the term implies decentralised communication among members, which is not always evident in these cases. Information and resources flow between the national and subnational NGOs, with direction set by the national organisation without necessarily facilitating sharing across subnational NGOs. Issue-based networks mainly function to provide

social support for active members and occasional email updates on an issue area. Moreover, issue-based “networks” are often actually ad-hoc coalitions formed around a common cause rather than true networks.⁴⁴ Regional networks do not appear to have a strong role except in the island of Papua and the province of Aceh. (See Box 1.)

⁴² Fifty-nine NGOs registered in STATT’s NGO list reported participation in 134 networks, or 2.3 networks per organisation. In addition to domestic networks, several NGOs are involved in global networks (Ibrahim, 2006). *Wahana Lingkungan Hidup* (Indonesian Environmental Forum or WALHI), itself a coalition of NGOs, is a member of the Friends of the Earth International. *Solidaritas Perempuan*, which work in the women’s rights issue, is the member of the Global Alliance Against Trafficking Women and Asia Pacific Women Law Development. Several NGOs in the agriculture sector are members of International Federation on Organic Agriculture Movement and the Asia Pacific Pesticide Action Network.

⁴³ Clark, nd: 3. Countries to consider as stronger examples include Brazil, Cambodia, India, the Philippines, and South Africa. Networks in these countries have successfully implemented self-governance systems for NGOs and provide capacity development activities and grants. They also perform advocacy on issues that affect the NGOs.

⁴⁴ A number of examples are networking for the elimination of violence against women, coalition on the law concerning *yayasan* (foundations), coalition for the freedom of information, working group for law on state defence, and coalition for participatory lawmaking process.



Box 1: Effective Networks

NGOs in almost every province have some sort of network formation, the most prominent and active are in Aceh and Papua/Papua Barat, a post-conflict and conflict zone respectively. Both have an explicit focus on human rights and community advocacy to government, and both conduct capacity building activities for their member organisations. Although the context in which these networks operate is a potentially interesting factor, a salient difference between these networks and others is the relatively large funding base. Each of the FORUM LSM Aceh member organisations is obligated to Rp. 150.000 monthly (\$ 15) or Rp. 1.8 million (\$180) annually, and each FOKER LSM Papua member organisation pays Rp. 1.000.000 (\$100). Other networks consulted for the Review charge between Rp. 5 – 25 thousand per month (\$.5 – 2.5). As a comparison, CODE NGO in the Philippines has a diverse funding base including donor, INGO and local grants and investment income with an income of P 41.493.608 in year 2011 (\$ 966.408). Notably, there was a strong cross-Eastern Indonesia network that stopped functioning in the early 2000s thanks to personality conflicts, decentralisation and a loss of funding from a major INGO.

Furthermore, although support organisations that provide grants and loans to other NGOs, provide training, technical support and other kinds of organisational or programmatic capacity building, promote sectoral accountability, and conduct research on the sector are a key part of NGO sectors in other countries, the impact or strong role for Indonesian support organisations is unclear. Such organisations include Satunama, Yappika, Penabulu, Ace, Kemitraan and others. They are as dependent on donor funding as are other NGOs. They provide their services either at donor request or on a fee-for-service basis which reduces NGOs' ability or willingness to take advantage of their services. Moreover, the NGO "egos" referenced above reduces NGOs' openness to feedback or advice from other Indonesian NGOs. A further issue is that many of the support organisations are based in Jakarta and Central Java. (See Box 2.)

As a result of this "missing middle," many district-level CSOs are "isolated by the lack of contact with their counterparts in other districts and provinces as well as national level civil society networks, international NGOs and donors."⁴⁵ Notably, the sense of isolation experienced by many stand-alone subnational NGOs does not appear to be true for branches of national organisations or of mass-based organisations.⁴⁶ Membership-based organisations are built up from groups of members at the village level who link up via coordinating bodies at subdistrict, district, regional and national levels in Jakarta or Central Java. These relationships give NGOs a strength in numbers to help bolster NGOs' influence on public policy and legislation.

Box 2: Support Organisations

There are approximately 40 Indonesian support organisation centred in Java to a rate that exceeds the rate for NGOs overall, with around 70% located in Jakarta or Central Java compared to 25 - 29% of NGOs overall. The rest are scattered between cities in Aceh, Bali, East Kalimantan, North Sumatra, NTT, South Sulawesi and Papua. There are only two known NGOs that provide financial management capacity development to other NGOs, both located in Jakarta. Moreover, the nearest auditors with experience working with NGOs in Eastern Indonesia are located in Bali.

⁴⁵ Clark, nd; McCarthy and Kirana, 2006:13

⁴⁶ In the latter case, this may reflect the reality of staff members normally connected to the central office taking up a post in a new location. While not isolated from a national network they may not have the same connection to the local context as a truly local NGO.



Jakarta and to some extent major Javanese urban centres in West and Central Java remain the de facto “central level” in which most national intermediaries, networks and support organisations reside. (See Box 2.)⁴⁷ Regardless of the practical reasons why the intermediaries, donors and support organisations are located in Jakarta and Java, staff and leaders of local NGOs off Java have concerns with the Javanese/Jakarta centrism that it creates in the sector overall. Distance and cultural differences may compound challenges keeping support organisations from maximising their potential roles.

ORGANISATIONAL-LEVEL FUNCTIONING

The material below considers key areas of NGOs’ organisational-level functioning that affect the overall functioning of the sector. How an organisation fares in these areas is usually a reflection of the orientation and attentions of their top leadership and the type of donor that funds their activities. The latter point highlights some responsibility on the part of stakeholders in the operating environment to incentivise and support efforts of NGOs to strengthen themselves as organisations; various approaches are discussed below. It also points to some responsibility on the part of NGOs to advocate for themselves to donors and the donors’ intermediaries. This rarely occurs likely due to a lack of understanding of how the donor system works and a lack of confidence that donors will listen and respond to NGOs’ concerns.

⁴⁷ The Review will need during Phase II to further refine and gather information on existing support organisations to provide a more exact number and data on the types of activities that they perform. The numbers provided are based on skimming and quick classification based on sparse information in the Review database, qualitative knowledge of the sector and a 2002 publication on grantmaking organisations (Ibrahim, 2002).

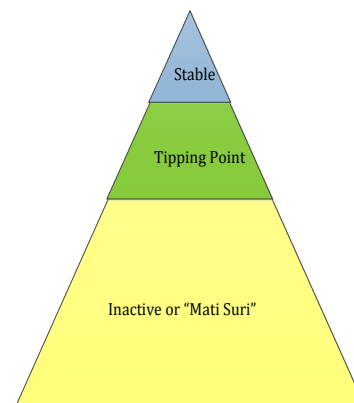


NGO Life Cycle

NGOs in Indonesia largely conform to theories of organisational life cycles, beginning with a start-up or entrepreneurial stage, a consolidation or establishment stage and a maturity or institutionalisation stage. At any given point there may be a crisis, opportunity or, less often, an internal decision to re-align the organisation with external realities that can lead to further institutionalisation or to the end of the organisation. Such a crisis for Indonesian NGOs is most often the pull-out of a primary donor or the departure of a key leader, whereas the opportunity might be a large grant from such a donor.

However, Indonesian NGOs never die completely as there is no formal outlet for disbanding or merging with another NGO. Individuals may retain a sense of identity attached to an organisation years after the organisation had a budget or carried out activities.⁴⁸ As an outcome of these life cycle stages, as illustrated in Graphic 4 there are three tiers of NGOs in terms of their stability and institutionalisation.

Graphic 4: NGO Life Cycle



Small start-up, inactive or “suspended animation” (*mati suri*) organisations make up the majority of existing Indonesian NGOs. At least 80% of the 197 organisations listed in government rolls in Ketapang are as such, as are five of the 13 organisations encountered for the Review in TTS.⁴⁹ They depend on one project grant from one funder, or fund their activities out of their own pockets, and depend on a static leadership to function. They do not proactively diversify or expand their activities. If they do so, it is at a request from a donor. These NGOs become inactive after the project or donor relationship ends or the leader stops being active.⁵⁰ This phenomenon occurs in other countries as well. For example, a study in Uganda found that 75% of the organisations registered with the government were untraceable.

⁴⁸ *Yayasan* can officially go “out of business” but it requires a ruling by the courts (GoI, 2001., *Pasal 62 UU 16/2001 Tentang Yayasan*).

⁴⁹ A sixth organisation seems highly dependent on the founder/director but given that it has recently attempted a leadership transition the Review is considering it “tipping point.”

⁵⁰ A useful illustrative example here would be the rise and fall in the number of local NGOs active in the province of Aceh after the Indian Ocean tsunami in 2004 and the subsequent influx of funding to the area. However, despite extensive searching for the Review and multiple sources examining the proliferation and challenges of INGOs in Aceh post-tsunami, no systematic analysis on the effect on the local Acehnese NGO sector was found. See e.g. ACARP, 2007, Brassard, 2009, Masyrafah and McKeon, 2008 on international coordination.



Box 3: *Mati Suri* Organisation in TTS

Yayasan A in Soe/TTS was founded by the district's Regent (Bupati) in 1986 to conduct a project on health, the first local NGO in the district. Into the mid-2000s, it ran many activities and project run related to HIV/AIDS alleviation, reproductive health, women issues on term of household violation and other social projects. At its high point the organisation had a dozen staff members, and it had an office that even served as an incubator for another now-prominent local organisation. It went through multiple successful leadership transitions, with the current leader having begun as a program volunteer. However, around 2008, the organisation's major funder decided not to renew project funding. In the absence of other options or a contingency fund, the organisation continued operating until it ran out of money in 2010. The leader says that they can begin work again at any time if a project came along as the trained human resources still exist in Soe to do so.

"Tipping point" NGOs could eventually institutionalise. They have moved to professionalise but have not reached a turning point that will show whether they are able to last beyond the departure of the original leader or leadership group, or a decline in their principle funding source. These organisations make up the rest of district-level NGOs encountered during field work for the Review in Ketapang and TTS and all but a couple of the provincial-level NGOs encountered.⁵¹

Box 4: Tipping Point Organisations

The Kupang-based Perkumpulan C has branches in multiple districts throughout NTT and a diversifying funding base. Begun from a group of university student volunteers, the organisation has a strong network of volunteers, staff and supporters who stay connected to the organisation even if they leave to work in other settings. The organisation is one of the more widely known and respected NTT NGOs. One of the co-founders, the director, is himself widely-recognised and respected figure in the local and in the donor communities. Even when he has left to work on INGO contracts, he stays an important advisor and fundraiser for the organisation. He is also the one driving the diversification of the organisation's funding base by creating income-earning units.

In Ketapang, LSM B has won international recognition for its dovetailing of work to improve the environment and human health in rural areas. The organisation was founded in 2007. However, the original founder remains in place as the leader. She has a mastery of English, an important skill for local NGOs to access funding, as well as international connections that have led to financial support from abroad to fund the organisation's activities. It is not clear how the organisation will survive once she leaves.

Stable NGOs have proven their sustainability and relative lack of dependence on any one leader or external funding source by outlasting changes in leadership and/or the withdrawal of a major funding source. Very few Indonesian NGOs have done so. The NU and Muhammadiyah affiliates are among the exceptions likely because of the massive membership that creates independent funding bases with high degrees of internal accountability and a revolving source of regenerating leadership. Bina Swadaya, founded in 1967, WALHI, founded in 1980, and LBH, founded in 1970 are other potential examples of organisations that have successfully diversified

⁵¹ The latter statement could not be verified for Kalbar. Given the high degree of interrelationship between provincial NGOs in the capital of NTT and district-level NGOs there, more NTT provincial organisation were consulted for the Review compared to Ketapang, where organisations have little active connection to organisations based in Pontianak.



their funding base and survived leadership transitions that operate on a national scope. Proven stable district-level NGOs are rare if they exist at all. Not all organisations that become "stable" are effective or remain innovative; their institutionalisation in some cases may stifle innovation and flexibility.

Governance, Leadership and Management

Like in other parts of the developing world, Indonesian NGOs tend to depend on individual leaders rather than a well-functioning system to function effectively as an organisation. In practice, leadership centres on one or a small core group of people who play multiple functions within an organisation, making direct decisions in every area of strategic and often program activities without any effective oversight. In FGDs in 2010, Indonesian NGO leaders characterised themselves as "passionate, suspicious and at times disdainful of government officials and the private sector, confrontational, impatient with foot-dragging and delays, ambitious, highly committed to their reform agendas, energetic, and enthusiastic," characterisations that hold true.⁵²

To date the Review is not aware of a NGO that has a board of directors that functions to set strategic direction for an organisation and take fiduciary and fundraising responsibility for it.⁵³ This is true even for well-established national intermediary organisations and for other prominent organisations that have made concerted efforts to develop an active robust board.⁵⁴ These challenges are true elsewhere in the world, even in the United States with its well-developed "non-profit" sector. The reasons are less clear though likely include the lack of a developed tradition for diverse boards with active fiduciary oversight, the small pool of people whom NGOs have to draw on for board membership and the dearth of active relationships with government and private sector representatives.

Historically, boards of directors or senior advisers served as political cover for NGOs to continue doing work that went against (or might have been perceived to go against) the interests of the New Order regime. Organisations continue to use trusted elder advisers for ad hoc advice and political and social capital but rarely for fundraising or strategic planning. Members tend to come from the same pool of activists and "NGO people" that are managing the day to day of the organisation, with similar perspectives and a similar lack of connections to money, rather than representing diverse perspectives and backgrounds.

Since the organisations are small, an organic structure and fluid procedures can still be effective. Even in some organisations that have a sizeable enough staff and budget to merit special

⁵² Antlöv, Brinkerhoff, and Rapp, 2010: 426

⁵³ Possible exceptions that could be examined further are the TIFA Foundation and Kemitraan, national intermediary organisations (personal communication, H. Antlöv, 3 December 2012).

⁵⁴ Multiple observers commented that the legal requirements for Boards of Foundations (*yayasan*) were unrealistically complex and had unrealistic expectations about the availability of qualified, interested people. NGOs rarely follow the regulations in practice. Law Number 16 of 2001 and its revision Law Number 28 of 2004 regulate that every *Yayasan* must have organisational structure consisted of *Pembina*, *Pengurus*, and *Pengawas* (Article 2). *Pembina* cannot also act as *Pengawas* or *Pengurus*. The *Pembina* are supposed to have overall oversight of the charter and budget. The *Pembina* appoints *Pengurus* in a formal meeting. They will have 5 years of time as *Pengurus* and can be re-elected for one more period. The *Pengurus* structure at least consists of a chairman (*Ketua*), a secretary, and a treasurer. (Chapter 6, Second Part) and does "leadership" of the *Yayasan*. The *Pengawas* are supposed to provide oversight to the other 2 bodies, and is elected by the *Pembina*. Each organisation is supposed to have one or more *Pengawas*.



attention to finance, fundraising, human resources and other management concerns they may not have people trained to manage the daily planning, fundraising, and managing budgets and people across projects. This means putting people into roles whose skills may not match the skills necessary to do the role well. This phenomenon is especially apparent to many observers in the areas of financial management, monitoring and evaluation, and human resources management.⁵⁵ It also may mean that checks and balances are not in place that maintain focus on the mission of the organisation and its beneficiaries or target population.

A small though growing core of organisations within the “stable” and “tipping point” tiers pay attention to management systems and to task specialisation within an organisation. They make up at most 20% of the existing organisations in the Review field sites. Moreover, Indonesia, compared to many other countries, lacks a study or mentorship program for NGO management so even those organisations motivated to improve in this area may not have available options to develop their skills. As mentioned above, the support NGOs that provide training in select areas tend to do so on a fee-for-service basis which reduces NGOs’ ability or willingness to participate. Available data also confirms 2002 and 2009 findings that the majority of Indonesian NGOs have relatively small staff sizes of under 10 people.⁵⁶ Although broad comparative data is lacking, Indonesian NGOs have smaller staff size - and more reliance on volunteers - than NGOs in Bangladesh and Uganda where average sizes are between 18 - 20 people.

Human Resources

Reliable data related to human resources in Indonesian NGOs is almost non-existent as is comparative information from other countries. NGOs and observers report that some potentially well-suited people do not see working in the sector as a viable career option and that turnover is a challenge. Skilled people enter NGOs as “fresh graduates” then leave to join the private sector, the civil service, INGOs or donor agencies. The latter two sectors like to hire people with experience and training gained while they were staff in Indonesian NGOs, and some NGO staff explicitly see their stints at Indonesian NGOs as a stepping stone to working for donors or INGOs. Like in other transitional democracies, since *Reformasi* and especially decentralisation NGO activists also leave to seek public office which in at least one NGO in NTT lead to the collapse of the organisation the activist had founded.

The reasons for NGOs’ difficulty recruiting and retaining quality staff are not clear. While many observers in and outside of NGOs blame low salaries, information on NGO compensation compared to other sectors is not available except on a case-by-case basis. A prominent INGO attempted a salary survey at one point though NGOs were reluctant to share staff compensation information.⁵⁷ A search for the Review netted only a salary survey for INGOs operating in

⁵⁵ A lack of basic Excel skills is mentioned surprisingly often by observers in relation to NGO staff working on finance or data management

⁵⁶ 2009 data is from Aritonang. According to the 2002 data, more than half of Indonesian NGOs have fewer than 10 people on staff and almost 90% have 20 or fewer (Ahmad, 2002 cited in Ibrahim, 2006). Data from TTS and Ketapang both suggest an average of 8.5 staff members in the NGOs there, including project-based staff members who are paid when money is available. The totals are based on responses to two different questions, about the ages and the gender of staff members and volunteers. In Ketapang, nine organisations responded regarding the first question and 10 responded regarding the second. In TTS, 12 organisations responded regarding the first question and 13 responded regarding the second

⁵⁷ Personal communication, L. MacLaren, 13 September 2012; *NGO Local Pay, 2012*. Available at <<http://NGOlocalpay.net/>>. [5 November 2012]. A report commissioned by the AusAID Knowledge Sector Unit was able to compare average monthly take home



Indonesia. Knowledgeable observers note that while in subnational NGOs or for junior staff, salaries may be lower than comparable positions in the private sector, more senior staff members take outside contracts and travel to conferences and benefit from consultancy fees and per diems from such events that supplement their salary packages.

Other potential reasons for the high turnover include the leadership concentration in the hands of one or a small group of people who control most aspects of the organisation, which discourages a new generation from staying. They also include social pressure to work in a job that is more “respectable.” People who leave to join a political party may feel that more good can be accomplished on a wider scale through direct engagement in the political system. Other deterrents or drivers of turnover since *Reformasi* may be disillusionment with a perceived lack of direction, unity and leadership development within the NGO sector. Skills mismatch and a lack of attention to staff training development likely also contribute. The lack of job security or pensions and project-based short-term contracts may as well.

On the other hand, many individuals who work at NGOs are passionate, dedicated, skilled, and stay attached to an organisation for many years even when not paid a regular salary. (See Box 5.) In mass-based organisations work is often undertaken without pay. In fact, data from the late 1990s showed that 43% of full time civil society workers globally were volunteers. At least in subnational NGOs, organisations in between funding contracts can still rely on a core of people who will continue the work or return when a new project starts.

Box 5: Semi-volunteer staff

66% of the people involved with the 10 NGOs who responded to the survey in Ketapang are involved on a purely voluntary basis while an additional 13% receive some sort of payment when the NGO has an open active contract and otherwise are “inactive” or work voluntarily. People work for NGOs in TTS on a voluntary basis less often than in Ketapang though a full 34% still only receive money when there is an active project based on responses from 13 NGOs.

Even those individuals leaving the NGOs to run for office or work in INGOs and donor agencies do not necessarily cause a net negative at the organisations they leave. Personal experience from informants suggest that the individuals who leave remain dedicated both to the ideals that led them into NGOs to begin with, and in many cases serve as a sponsor or advocate for the particular organisation that they left. That said, given that most of the INGO and donor opportunities are in Jakarta or in some areas in a provincial capital, these connections are more difficult for NGOs away from Jakarta to take advantage of, just as it is less likely for non-Jakarta-based NGO staff to be considered by a INGO or donor.

The information on reasons why well-qualified people stay at NGOs is as sparse as that about why they leave. A few possibilities emerged during Phase I. Diverse job choices are not available in all areas of the country. For example, in TTS, there is essentially no private industry and no permanent INGO or donor presence. Some people see the work as a calling rather than simply a job. In some cases, the usually relaxed conditions and sense of community in the workplace also suit them better than conditions as a public servant or in the private sector. According to a study

pay for researchers working in the GoI (Rp. 4 million), research NGOs (Rp.7 million), universities (Rp. 22 million), think tanks (Rp. 28 million) and the private sector (Rp. 65 million; Suryadarma, Pomeroy and Tanuwidjaja, 2011:27).



of research institutions in Indonesia, while average take-home pay for researchers at research NGOs compared to universities, the private sector, and donor institutions turnover of staff at the NGOs is low compared to other types of institutions.⁵⁸ A positive working environment and a flexible work schedule help these NGOs to retain staff.

Gender Discrimination and Other Disparities

While reasons are not clear from existing data, men dominate in NGOs without an explicit focus on “women’s issues.”⁵⁹ According to Review survey respondents, in both Ketapang and TTS men make up the majority of people in NGOs whether on a voluntary, semi-voluntary or salaried basis.⁶⁰ Of ten prominent Indonesian NGOs only two have female executive directors as of early November 2012.⁶¹ Moreover, 67% of respondents in a survey conducted in 2006 revealed that the CSOs where they work do not have any written policies on gender equality. The same exclusion occurred for ethnic and religious minorities. Based on the exclusion of people with disabilities from mainstream service provision by NGOs, and the exclusion of organisations focused on serving them from NGO networks and partnership arrangements, it seems likely that disabled people are largely excluded from NGO staff.

Financial Planning and Management

A 2009 survey of 551 NGOs mostly on Java suggested that around 75% of Indonesian NGOs manage budgets of less than Rp. 200 million (\$ 20.000) annually and almost 90% manage less than Rp. 500 million (\$ 50.000).⁶² NGOs rely largely on donor grants. This is true elsewhere in the world for NGOs; it is also true for other types of organisations in Indonesia such as university and private sector think tanks. Although precise data is not available on Indonesian NGOs, studies suggest donor funding make up 85 to 90% of funding for NGOs globally. NGOs typically manage their finances per project and with little attention paid to staff or organisational development or to long-term organisational strategy. Grants from donors rarely include a budget for staff development or management fees. Although donors comment on NGOs’ inability to structure their proposal budget in a way that would capture such

Box 6: Fundraising Strategies Used by NGOs

- Art show
- Business units
- Fee for service
- Individual financial contributions from network
- Soliciting individual contributions from website link or SMS
- Using interest from credit union/revolving fund schemes
- In-kind contributions from network
- Money boxes in public places
- Project-based fundraising from corporations
- Selling merchandise or vouchers
- Staff contributions out of salary or outside contracts
- Volunteer time (e.g. staff that goes off salary, foreign volunteers)

⁵⁸ Suryadarma, Pomeroy and Tanuwidjaja, 2011.

⁵⁹ There are no clear information on global trends in NGO staff gender disparities, but it is likely based on the small amount of available data that leadership positions globally will be male-dominated. A survey of NGOs in Bangladesh showed that 98% of managers at big NGOs and 87% at small NGOs were men. In the United States, women make up the majority of staff in non-profit organisations though less heavily in top management positions especially in large organisations. In Kenya, men and women are involved in equal numbers though men have more of a prominent role.

⁶⁰ The exception is in TTS, where the proportion of women who are salaried is 23% compared to the proportion of men who are salaried at 17%. (In Ketapang, the proportions are 7% and 16% respectively.) However, the staff contributions out of largest annual budgets in TTS is a women’s rights and welfare organisation.

⁶¹ The ten NGOs were ACE, BaKTI, Bina Swadaya, ICW, Kemitraan, PATTIRO, PSHK, Satunama, YAPPIKA and WALHI. Although PATTIRO’s former executive director was a woman and continues to be involved as an adviser, presently only BaKTI and YAPPIKA have women in the top leadership role.

⁶² Aritonang, 2009



organisational costs the donors rarely provide such feedback to the NGOs themselves.⁶³

The question of donor dependence is of great concern to NGOs that are actively attempting to address organisational stability and longevity. In keeping with this concern, a rising trend is NGOs attempting to access public funding and starting income-generating schemes. The strategies for doing such fundraising that are currently being used are very limited. They are also problematic because of the tendency to distract an organisation from its core mission-related work. Some organisations have difficulty keeping clear divisions between for- and non-profit activities.

Although using social media for NGO fundraising is a growing trend in countries like the US and India, Indonesian NGOs have not made inroads in this area. (See the “building a profile” section.)

Accountability

A NGOs’ accountability can be assessed in terms of “downward” accountability to the public NGOs purport to serve or “upward” accountability to funding source.⁶⁴ Budget transparency to the public is a typical proxy for measuring an organisation’s “downward” accountability. In cases of organisations with a large base of funding in membership fees or from public funding, these forms of accountability overlap. Perhaps because of this, mass-organisations are comparatively much more transparent with their finances in that they report annually on finances at least to their members if not more widely. It is rare for other NGOs to make their budgets or audit results public, a challenge globally across the NGO sector.

Donors, here including government and CSR, and NGOs themselves measure accountability in practice by NGOs’ ability to account for the money from the donors and to spend it in line with the agreement with the donor. Concerns about a perceived lack of NGO accountability is a reason for donors to use managing contractors who take on the financial risk instead and a reason they go back to NGOs who have managed donor grants before when looking for a partner. As with standard financial management, NGOs tend to see annual organisational audits as a requirement or a tool to convince donors that the organisation is accountable, not something to share more widely.⁶⁵ Many organisations do not do audits, or only have project audits provided by donors. (See Box 7.)⁶⁶ Moreover, there is a strong and reasonable suspicion among observers that reports to donors and project audits may still reflect some double accounting on the parts of NGOs, which may still require staff “contributions” to the organisation straight out of their salaries.

⁶³ Although mass-based organisations do not have the same donor reliance, the Review did not find information on their financial management practises

⁶⁴ Accountability means acting in line with promises and sharing information about activities, plans and performance in a timely and public fashion.

⁶⁵ Although NGOs are legally required to report their activities and budget to the government, few do so. Those that do not take government money may not feel obligated to report or may not know of the requirement. Government does not release a reporting form though by doing so additional NGOs may report. Moreover, NGOs see reporting to government as opening themselves up to government interference. A preeminent global think-tank focused on civil society organisations that promotes public accountability and transparency defends this position if the fear of interference is well grounded: “Transparency is very environment and culture sensitive and the question about how open can and should you be with a hostile government or in a restrictive environment remains” (CIVICUS, 2010:10).

⁶⁶ 2009 survey: Aritonang, 2009



Box 7: Data on Audits

- In a 2009 survey of 551 mostly Java-based NGOs, only 13.4% had been audited by a public accountant.
- In Review surveys of NGOs, four of 10 Ketapang NGOs had done an organisational-level audit at one point though another four had never done an audit of any kind. The other two had only done project-based audits. In TTS nine of 13 organisations reported having done an organisational-level audit while only 1 organisation had never done an audit at all.
- Only two out of five prominent and well-established national NGOs had audited financials on their websites as of a 19 October 2012 search for the Review. An additional one listed individual donors and the amount they gave.

Programming and Learning

Although certainly there are cases where NGOs conduct activities in the name of a community without genuine links there, there are local NGOs in Indonesia that fill genuine niches in community life that no other entity is filling. (See Box 8 below for an overview of NGOs' roles.) Twelve of the 13 NGO surveyed in TTS and five of the 10 surveyed in Ketapang seemed to be fulfilling this potential, or their reputations suggested that they had when they had active funding. Such NGOs have a basis in personal relationships within the communities they are serving as well as a strong basis of local knowledge and concern about local conditions. At a minimum, they have an understanding of the importance of these things and make use of local connections to help them understand and hear from the community perspective.

Box 8: Overview of NGOs' Roles

Based on input from consultations for the Review about actual activities carried out by NGOs, they range from direct aid to communities to long term advocacy. Often as part of a donor-designed project, NGOs provide skills training and ongoing support and facilitation in economically productive areas such as farming, raising livestock or management of micro and small enterprises. They directly provide service, conduct community projects or provide grants, scholarships or other financial or in-kind charity to community members in need or in times of crisis or disaster. They conduct community education campaigns on a range of issues. They serve as case advocates with the police or legal system. As elsewhere they serve as a bridge through which people express concerns or complaints about public services and potential corruption cases to government and other stakeholders. They represent the community in discussions and dialogues with government and other service providers and decision makers. They support and facilitate community projects or community campaigns towards government both in the short and long terms.



It was beyond the scope of the Review to evaluate the comparative effects on poverty reduction or the specific operational challenges that NGOs face in implementing each approach. Rather, the Review observed that NGOs themselves could more effectively be learning from practice about what is effective or not effective as well as doing research about other approaches that might be tried. NGOs at the sectoral level could also identify more effective ways to exchange learning and tools that have proven effective. Being close to the community does not necessarily mean that a NGO's programs target priority needs, root causes, or the poorest and most marginalised. NGOs rarely engage with or prioritise the needs of the poorest or most marginalised although, in Indonesia as elsewhere, this is considered one of their potential niche areas.⁶⁷ Moreover, absent mechanisms in Indonesia for spreading innovative good practices that do develop at a local level, mean that innovative successful programs often remain in isolation. (See section on relationships in the sector on Indonesia's "missing middle.") Effective advocacy also continues to be a challenge, although there are important instances of success at the subnational and national level and the membership bases of many organisations could potentially give their advocacy great weight. (See Box 9.)⁶⁸

NGOs' poor use of data underlies the mismatch between community needs and priorities and NGOs' programming and advocacy efforts. Absent a structured process of collecting, contextualising and prioritising inputs, connections to community are not sufficient to assess

Box 9: Examples of Successful Advocacy

- In Garut district, West Java, Garut Governance Watch (G2W) and five local newspapers cooperated to expose corrupt practices in local government, which several cases successfully brought to the court of justice.
- In Blora and Bojonegoro, PATTIRO and Revenue Watch Institute help government and stakeholders to develop local expenditure plans so that revenues from the oil exploitation can be used for more productive programs and thus ensure poor people get proper attention.
- PATTIRO also helped pass pro-poor legislation in Semarang and Pekalongan by working with reform-minded officials in the government and parliament and getting support from NU and FITRA for their efforts

needs and assets in a way that leads to the most effective programming. Needs and assets assessments and program or campaign design do not usually connect to systematic data collection despite NGOs' well-suited position and relationships through which to collect rich community-level data. Many NGOs have not realised the value of the data to which they have access. Nor do NGOs tend to access data generated by think tanks, universities, or the government or partner with such institutions for the generation and analysis of knowledge that would be useful in the organisation's work or issue area. One of the reason government agencies dismiss advocacy efforts by NGOs is the NGOs lack of useful data to support their point.⁶⁹ Advocacy also rarely relies on critical analysis of power relationships or on information on how changes move through the government systems.

⁶⁷ This has become a focus on donor intervention in Indonesian in the ACCESS and PNPM Peduli programs.

⁶⁸ Garut : Triwibowo, 2011; Blora and Bojonegoro: Brewer et al, 2008; Semarang and Pekalongan: MacLaren, et al, 2011

⁶⁹ The same is true for private companies, though systemic advocacy focused on moving non-governmental targets (e.g. private businesses) is uncommon.



A report produced by AusAID's Knowledge Sector Unit found that there are many obstacles even for research-focused NGOs to do high quality research including the quality of Indonesian education system, lack of access to literature and peer reviews, lack of mentorship and capacity building opportunities for researchers, and lack funds for research.⁷⁰ These are multiplied for NGOs without a research mandate in attempting to give systematic data collection from their programs. NGOs' funding environment greatly limit the scope of the research and data collection that NGOs do. With a notable exception of the new MAMPU program and AusAID funding of a PEKKA-SMERU partnership to collect and analyse service access data, donors rarely fund systematic needs assessments by NGOs themselves, but rather approach NGOs with pre-designed programs, which reduces the need or incentive for NGOs to make independent use of available data or to generate new data from their community work. Additionally, in keeping with weak task specialisation, NGO monitoring and evaluation staff rarely have training or a background in research or evaluation. (See Box 10.)

NGOs use of data for internal purposes is also not maximised. Organisations do structured data collection and analysis only to the extent required for donors. As a result, data is usually attached to a particular project-funding stream rather than integrated at the organisational level

Box 10: Methods of Measuring Success in Field Site NGOs

Five of nine Ketapang respondents and six of 12 TTS respondents answered that they used direct observation to evaluate impact, despite the relative professionalism of NGOs in TTS. While four of 12 respondents had used an independent evaluator in TTS this is likely reflective of the relative availability of donor money in TTS; none of the organisations replied as such in Ketapang.

for internal use and learning. According to a Ford Foundation study, donors make monitoring and evaluation either too focused on quantitative data that do not create a full picture, or too focused on anecdotal stories.⁷¹ Moreover, NGOs have a financial incentive to tell donors what they think donors want to hear. Attempts at organisational learning lies in retreats and reflection sessions many NGOs hold on an at least annual basis. These are essentially debriefs relying on anecdotes from field work without objective inputs that can guide learning on what has worked and what has not.

Building a Profile

In stark contrast to American and INGOs who have focused on "branding" since at least the mid-2000s, the use of published material, websites and social media is rarely maximised at an organisational level by Indonesian NGOs.⁷² Whether reflecting the lack of structured organisational learning or the cultural tendency to rely on spoken word, written reports by

⁷⁰ Suryadarma, Pomeroy and Tanuwidjaja, 2011.

⁷¹ Sidel, 2004

⁷² The branding trend international is driven by highly professionalised NGOs realisation that the public's image of and identification with a NGO and its "product" or services was possibly even more important in terms of fundraising than branding for a private sector business selling a tangible good. The NGOs are using branding as a tool to increase fundraising potential as well as enhance their legitimacy among other stakeholders and potential partners. Some in the sector are sceptical because of the for-profit connotations of the term "branding;" however, the brand only effectively advances the organisation's cause if the NGO is associated in the public sphere with positive behaviour and outcomes. There may be subsector exceptions to Indonesian NGOs using media effectively at an organisational level, for example in health and disaster NGOs, that could be explored further in Phase II. Another place to look for possible exceptions in the ILO's former Better Work program.



organisations are often weak and do not capture organisations' successes. According to a technology-focused capacity building NGO, NGOs have a growing awareness of the importance of their websites as tools to present their organisations, though this has not necessarily translated into effective use.⁷³ While individual activists have successfully used social media, websites and since June 2012 the Indonesian iteration of the petition website Change.org to communicate news and mobilise people around specific causes, the social media presence of NGOs is mostly linked with these individuals rather than with an organisation on its own.⁷⁴ The rural-urban divide in computer literacy and internet access exacerbates the problem at a subnational level.

An NGO's presence in traditional media is more likely to be linked with the name of the organisation. Eight of 10 respondent NGOs in Ketapang and 10 of 13 in TTS work with the media through contributing materials, disseminating summaries of activities or conducting their own radio shows. Some Indonesian NGOs also use the traditional media as a means to share and build support for their positions on public policy and services. For example, in two districts in West Java, local NGOs used the media to make health care service reform a public discourse and work worked with five local newspapers to expose local government corrupt practices. In the Review's media scanning of national press, the coverage tended to focus on individuals for feature pieces on service delivery examples but on organisations' stances on social issues or advocacy campaigns.

NGOS AND OTHER STAKEHOLDERS

This section explores NGOs' relationships with parts of their operating environment, in turn with the GoI, donors, INGOs, commercial managing contractors, the private sector, the general public and finally the mass media.

Government Context

As in other countries, the political context shapes NGOs roles and their relationship with government. A line of thinking from the New Order era still exists within government that NGOs should serve as an extension of the "hand" of government.

⁷³ Personal communication, Misan, 1 October 2012. Some NGOs concerned with sustainability have started to use the internet to search for and contact potential funders but have little sophistication or knowledge about where to start, starting with the realisation that the big donors they hope to contact do not normally interact directly with small subnational organisations. This is a bigger gap than just the use of media involved

⁷⁴ For instance, www.airputih.or.id restored the communication and restored internet connection only two days after the Aceh tsunami in 2004, Jalin Merapi used internet and social media to organise volunteers and distribute aid after the Mount Merapi eruption in Central Java in October 2010, and supporters of Prita Mulyasari, who was arrested after filing a small-claims case against a hospital, and Bibit Chandra, an Anti-Corruption Commission member who the police had threatened to use Facebook to successfully rally support (Nugroho, 2011).

Box 11: NGO and Government Working Relationships

One aim of the Review was to develop a framework to identify what enables or inhibits effective working relationships between government and NGOs. Although this idea should be tested in a wider context during Phase II, the following are aspects that contribute to relationships between NGOs and government that are in the words of multiple sources in Ketapang and TTS "mutually respectful but still critical:"

- Building personal relationships
- Willingness to listen on both sides and agreeing to disagree
- Talk of solutions, not just problems
- Meaningful analysis of the issues and power dynamics, based on facts and data accessible to both sides
- Common recognition of the others' roles and competencies



Some NGOs also work under the paradigm that NGOs are meant to quietly fill gaps left by government while other NGOs still find themselves shut out by government when the government perceives a critical stance. “Advocacy” in this historical context meant and for some NGOs today still means quick mobilisation of supporters to a demonstration when a group deemed direct action necessary. Mobilising directly to street demonstrations precludes behind-the-scenes, less confrontational tactics that use data-based evidence to support the NGOs’ case.

However, since decentralisation, relationships have become more complex and rich as government has started to recognise and attempt to utilise the expertise and local knowledge that NGOs possess. NGOs themselves are now largely positive about working with government, and believe there is space for positive cooperation.⁷⁵ In a 2009 survey of CSOs, more than 80% had been involved in public consultations and planning meetings compared to 35% as recently as 2005. However, in some cases NGOs perceive that government officials invite NGOs to forums and hearings only as a window dressing for “participation.” There is also a sense that NGOs are being invited to do jobs that government should so without being compensated for filling in the gap.

NGOs are slowly starting to show more sophistication in their advocacy techniques, and government officials are starting to appreciate a watchdog role for NGOs. Fostering this communication and relationship building between CSOs/NGOs and various branches of government are a number of donor programs including AusAID’s ACCESS and AIPD/AIPD Rural programs, the World Bank’s Justice for the Poor program, UNFPA’s *Forum Parlemen* and programs of the Ford Foundation and TAF.⁷⁶ Some research and advocacy NGOs have started to recognise their relative weakness in technical policymaking expertise and have started to recruit staff with legal and policy backgrounds so that the NGO is better able to produce policy recommendations that will be taken up by government.

Regulation and Oversight

Formally, the government has a role in regulating and overseeing NGOs. There are a number of overlapping laws and regulations that create a regulatory context for NGOs. See Annex 6 for a description of this framework and the formal registration process. All organisations are legally required to register with the government. Regardless of registration status, organisations are subject to regulations that require them to report on their activities to the government. If registered, then technically organisations registered as *yayasan* (foundations) or *perkumpulan* (associations) are required to comply with the relevant statutes.

⁷⁵More information would also be needed from Phase II to understand the specific types of NGOs that interact with what levels of government, on what issues and for what reasons. This could be captured by the proposed NGO surveys as well as government interviews during Phase II. As discussed in the section on human resources in NGOs, NGO activists are running for political office now, which would have been impossible under Soeharto. According to Ibrahim, et al. 2009, forms of cooperation between NGOs and government include: (1) The local government consulting NGOs on or asking for NGOs to facilitate their events relating to public services, reproductive health, HIV/AIDS eradication, women empowerment, gender equality, etc.; (2) NGOs get involved in the government-sponsored working groups; (3) government and NGOs conducting joint monitoring activities; (4) NGOs acting as facilitator, communicator, and mediator between government and the people; (5) NGOs participating in drafting of local regulation.

⁷⁶ Indonesian CSOs also participated in the making of related documents internationally. At least three prominent organisations, i.e. women issues CSO Kalyanamitra, the Commission for Missing Persons and Victims of Violence (*Kontras*) and the Jakarta Legal Aid Foundation (*LBH Jakarta*) participated in drafting of the ASEAN Human Rights Declaration (Bagus BT Saragih, “NGOs Raise Missing Rights in ASEAN Draft,” *The Jakarta Post*, June 28, 2012)



Overall, government regulations are rarely if ever enforced and have little effect on organisations' functioning. While the majority of organisations in a 2009 survey and in the Review field surveys had registered with the notary public, many never finalised their registration with the relevant government bodies.⁷⁷ There are a variety of reasons for an organisation not registering ranging from ignorance of the process or unwillingness to spend the time required to engage the bureaucracy to a rejection of government's role in oversight of NGOs. Even fewer organisations report than register. It is unclear what could be done to change NGO compliance with existing laws and regulations or what, if any, benefit that would have on individual NGOs or on the sector overall.

Box 12: RUU Ormas

As of November 2012, a commission of the national legislature is debating a draft law on community organisations (Rancangan Undang-undang tentang Organisasi Kemasyarakatan, known as RUU Ormas to update the Soeharto-era legislation (UU 8 1985). Fourteen prominent national NGOs established Koalisi Kebebasan Berserikat (Coalition for the Freedom of Association) in an effort to counter the passage of RUU Ormas, in reaction to its basis in a law originally made to limit civil liberties, vague and legally unclear terminology in the draft and the potential that government will use the law as a tool to restrain vocal or anti-government activists and organisations or to bribe organisations. However, other national organisations, while against the passage of RUU Ormas, were less active in their opposition given their assessment that the consequences of its passage would likely be minimal. They based this assessment on the lack of enforcement of the previous law particularly since Reformasi. At least one coalition member organisation would be willing to accept the law with some modifications. The law was largely off the radar for local NGOs.

Funding for NGOs

The GoI makes funding available to NGOs through a number of avenues including grants and project contracts. Donors, the private sector, long-time activists and in some cases even government representatives have negative impressions of NGOs that access government funds. In part this is due to the history, continuing today, of government funding to NGOs disappearing into fictive organisations.⁷⁸ Real organisations that community members form in response to available government money also leave bad impressions. In some cases, the negative impression is well-founded as leaders of such organisations seem well-meaning but have little idea of how to manage or grow an organisation or implement effective programming. Moreover personal relationships with government officials are the main determinant of the ability to access

⁷⁷ Aritonang, 2009.

⁷⁸ The nature of these fictive organisations is not clear; it may be organisations started by community members that then stopped being active. Although some observers remain concerned specifically about the *plat merah* NGO phenomenon, it was not a concern that arose among informants for Phase I of the Review. *Plat merah* literally means red license plates, the colour of state-owned vehicle license plates (McCarthy and Kirana, 2006; Ibrahim et al., 2009). It refers to organisations founded by government officials or parliamentarians to take advantage of state budget procurement opportunities. Their "special" links to government gives them an advantage over other more legitimate organisations in the bid. When it occurs, it can worsen the image of NGOs in the public mind due to poorly run projects or unaccounted for use of funds, with up to 50% of the funds unaccounted for in these cases.



government funding by an organisation or an individual wanting to start an organisation.⁷⁹ It is again unclear what could be done to change this situation or what, if any, effect that would have on NGOs' desire to work through government funding streams.

In addition, government creates the laws and regulations that govern and impact public and corporate giving, including private sector corporate social responsibility (CSR) funds and tax exemption for individual donations. See Annex 7 for a summary of laws and regulations related to fundraising for NGOs and below in the sections on the private sector and the general public for NGOs. There is no information available for Indonesia regarding the potential impact of changing these laws on NGOs' ability to access public funding. In the Philippines, there is evidence that the tax exemptions in the tax code there help NGOs access funding from individuals and business. In contrast, evidence from Australia, the United States and the UK suggests that individuals are not motivated to donate by exemptions.⁸⁰

Indonesia has a well-established tradition of Muslim religious-based charity (*zakat*) which is tax-deductible if managed through a non-governmental but government-sanctioned *zakat* management NGO. One such organisation took in Rp. 5.3 billion (\$523.000 AUD) in *zakat* contributions in June 2012 alone.⁸¹ However, in addition to being tax-exempt, *zakat* is also obligatory under Islamic tradition for any able Muslim and so the giving is likely motivated by a sense of religious duty rather than financial benefit through the reduction in tax. Additional research would be needed to understand the motivations of those giving through channels like Dompot Dhuafa.

Donors

As discussed above, bi- and multilateral donors are the largest sources of funding for Indonesian NGOs. The key concerns that NGOs raised during Phase I of the Review with regards to their relationship to donors was the short, project-based funding cycles of the grants they receive, the lack of money for operational costs, and the lack of information accessible to them in Indonesian about what programs existed. NGOs in TTS and Ketapang also shared their perception that donors favoured Jakarta/Java-based organisations, even though strong organisations existed locally. NGOs that engage directly with donors have concerns about procurement requirements and the length of time needed to activate contracts often without making adjustments in the timeframe for project implementation. In Indonesia as elsewhere in the world, NGOs that express or demonstrate a willingness or ability to negotiate for themselves, or to turn money down when it was not appropriate to their mission and competencies, are rare, highly well-established and tend to have more diverse funding.⁸² An additional concern is the lack of donor coordination even among units within the same donor agency that complicates basic matters like financial reporting. Some NGOs prefer to keep their funding sources limited rather than diversify in order to minimise the administrative burden.

⁷⁹ According to a 2004 Ford Foundation study the relationships between NGO activists and the political parties or the state apparatus are more or less bound to the universities where the activists studied. NGO activists usually find it easier to get favour from the government apparatus associated with the same campuses or networks (Sidel 2004:17)

⁸⁰ McGregor, 2006

⁸¹ Dompot Dhuafa, 2012

⁸² These organisations also tend to be more downwardly accountable than other types according to global studies (Banks and Hulmes, 2012).



Donor agencies do not have a great deal of leeway for changing the nature of their relationships with NGOs. They are part of international systems (whether a government foreign to Indonesia or a multilateral institution like the UN) that set the agencies' budgets, strategic directions and priorities. The agencies thus must defend their activities and existence back at headquarters, facing pressure to show measurable results in line with priorities and within the tolerance for financial and reputational risks set there. Aversion to such risks is part of the reason for the layered, indirect partnerships with NGOs themselves as pictured above as well as the reliance on partners who have proven themselves capable of managing money and reporting in accordance with required standards. With these arrangements much of the risk is instead bourn by the managing contractor when contract payments depend on delivered outputs.

The existence of differing "home" agendas also works against coordination efforts as competition among donors and the divergence of agendas and procedures lower donors' interest in working together. Moreover, donors are in Indonesia on the invitation of the GoI.⁸³ Through the Jakarta Commitment in 2009, donors agreed to work in areas set by government priority. A 2011 Ministry of Finance regulation that requires donors to get pre-approval from their partner GoI agency for their annual budget could potentially further complicate donors' efforts to work with Indonesian civil society.⁸⁴

International NGOs

As clarified in the terminology section, organisations that are functional branches of NGOs based outside Indonesia are considered INGOs for the purposes of the Review regardless of their registration status with the GoI. International NGOs are varied in their scope, scale and activities and their place in the daily life of the NGO sector in Indonesia. Graphic 5 provides a spectrum of the operational modes of INGOs and the places on the spectrum of some prominent INGOs.

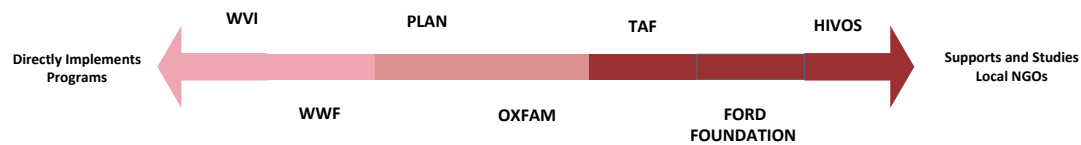
On one side of the spectrum are INGOs that directly implement service projects and programs. NGOs operating at a local level in Ketapang view these as fellow members of the local NGO scene, while in NTT local NGOs see the service delivery INGOs as having an unfair advantage for accessing funding. On the other side of the spectrum are INGOs that manage implementation, with subgrants to local partners and/or technical and operational capacity building activities. Some on this side of the spectrum study trends and serve as a resource for and on the Indonesian NGO sector. They are also better positioned and more confident than local NGOs to advocate to donors during program and budget design.

⁸³ At least for big donors, this relationship likely underlies some hesitation of donor staff to work with CSOs/NGOs and the tendency to fund civil society work focused on service delivery rather than rights. Although more information is needed to ascertain if this is accurate, smaller bilateral donors (e.g., Switzerland) may have a greater tendency to target such issues in their (relatively small and under the radar) funding streams. That said, the 2011 regulation may disproportionately affect smaller donors that may not have the economic or political clout to push for application of the rules to be changed or relaxed.

⁸⁴ *Peraturan Menteri Keuangan* Number 191 of 2011 (Ministry of Finance regulations regarding grants management mechanism) and other related regulations. Enforcement depends on the division of government that is assigned as a counterpart to a particular donor program. Some AusAID programs report that their counterparts are making increased use of the regulation as of mid/late 2012.



Graphic 5: INGO spectrum



Organisations towards the right side of spectrum, that support Indonesian NGOs or research into the Indonesian NGO sector fill important niches. The organisations include TAF, the Ford Foundation, HIVOS, and Oxfam (though Oxfam also does some direct service implementation). The first of these niches is the approach they take, focused on longer term funding that includes money for general operations and a hands-on approach. The second niche is the issue areas or types of organisations that they support, which may be left out from the larger donor funding streams. As these INGOs often have income sources from the public in their home countries, the recent global economic troubles have had an impact on the amount of support that they are able to provide to local NGOs.⁸⁵ The third niche is as a repository of broad and deep knowledge about Indonesian civil society that is linked in with but apart from Indonesian NGOs and the internal politics of the local sector.

Commercial Managing Contractors

Although the Review did not set out to examine commercial managing contractors and little written material examines their role in the aid system in Indonesia, they and donors relationships with them are a key piece of the operating environment for NGOs.⁸⁶ More than half of AusAID funds on NGO-related programs in FY 2011/12 passed through a commercial entity, and historically the proportion has been much higher. At least within AusAID, the form of the contract is typically different, with INGOs on grant arrangements and for-profit companies on performance based contracts. Program staff within AusAID prefer the latter because of the risk issues discussed above. Within AusAID “procurement” applies to contracts worth over \$500,000 AUD managed by commercial partners so typically do not apply to INGOs.⁸⁷ The World Bank uses different criteria; the PNPM Peduli program uses larger Indonesian intermediaries as the immediate partners, which subcontract with smaller NGOs and CBOs. Procurement rules were a dominant challenge is setting up the program and getting it off the ground as smaller organisations are not set up to meet normal competitive bid requirements.⁸⁸

Although the Review has little comparative data, the for- versus non-profit orientation of an INGO or NGO versus a commercial company unquestionably influences the orientation and incentives of the individuals within the institution carrying out the work. This difference does not seem to always be critically examined by the donors making choices of what institutions to

⁸⁵ For instance, HIVOS has faced declining funding from Europe since 2008, has had to reduce its activities and plans to spin off an office to conduct public fundraising in Indonesia (personal communication, S. Laksmi, 19 September 2012)

⁸⁶ A Google scholar search on {“managing contractors” “international development”} on 15 October 2012 netted 2 policy centre papers, 1 dissertation, a conference paper, and 2 peer-reviewed articles

⁸⁷ Personal communication, S. Patton, 16 October 2012

⁸⁸ Personal communication, F. Pascoe, 28 August 2012



partner with. Yet donors could have a large degree of control in how managing contractors implement the program if accounted for in contracting and ongoing management; some individual AusAID directors report that they take a high degree of control over how the implementing partners relate to end-line CSOs/NGOs on their programs. The differences of administrative and pass-through costs, or the cost effectiveness of different types of partners are also not critically examined.

Private Sector

Private sector companies and the personal wealth of some of their owners are one of the biggest, largely untapped potential sources of revenues for NGOs in Indonesia. This idea is gaining traction in initiatives like Indonesia Business Link, the Initiative on Strengthening Philanthropy and *Perhimpunan Filantropi*.⁸⁹ However, while private companies are required to give part of their profits back into the community, the law does not require that they go through existing CBOs or NGOs to do so. Few businesses partner with CBOs or NGOs in their CSR work because of their impressions that NGOs are not accountable and poorly managed. Conversely, some NGOs are unwilling to accept private corporations' money because of the same impression of a lack of transparency as well as concerns about the social harm they perceive that the companies may cause.

Despite such concerns, NGOs have not been very active in overseeing private companies' disclosure and accountability other than in environmental issues, particularly mining and forestry.⁹⁰ NGOs rarely expressed an identity as watchdog to the private sector in consultations during the Review Phase I, even in Ketapang where environmental concerns dominated among the better-established and performing organisations (only 4 of the 10 survey respondents there reported engaging with the private sector). There is little information available on the private sector's non-financial relationships with NGOs. Donors who drive the analysis tend to focus on government and NGOs relationships with it, overlooking the role of the private sector in development.

General Public

NGOs purport to serve the public good and as discussed in the section on programming, many do perform valuable roles in and for communities. Yet NGO leaders report that they are stigmatised as "Western puppets" or Communists. A 2006 survey of the public showed that only 38% of respondents trusted or saw NGOs as reliable organisations, better only than political parties (28%) and large enterprises (28%) and considerably worse than the military (74%) and the police (55%).⁹¹ NGOs that work on socially sensitive issues like human, women's and LGBT rights may face intimidation, violence or being barred from carrying out their community work. In contrast, in a survey of 25 countries the same year NGOs were the most trusted institution over government, media and businesses, with 54% of American respondents reporting trusting NGOs.

⁸⁹ Personal communication, H. Antlöv, 18 September 2012

⁹⁰ A past exception to consider is the Global Alliance for Workers and Communities, which worked with workers at Nike and the Gap factories in the late 1990s/early 2000s (Global Alliance for Workers and Communities, 2001)

⁹¹ Ibrahim, 2006. One possible reason is that NGOs are still an urban phenomenon which rural respondents may not have had personal interactions. Respondents did have solid trust in religious social organisations.



This lack of trust is a potential barrier as NGOs are pushed to diversify their funding bases and consider sources of volunteer time and expertise. The middle and wealthy classes are potential sources of income for NGOs. In addition, young urban professionals and “fresh graduates” working in other sectors in Indonesia seem to volunteer at high rates, though often through their own ad hoc efforts or in service groups. Little analysis or information exists on what, to what extent or via what mechanisms NGOs can take advantage of the potential contributions. As discussed above under the section on NGOs’ relationship with government, in addition to research on the trust gap, more research is needed to understand the potential impact of changing tax regulations on NGOs’ ability to access public funding.

An additional challenge, true even in countries with a well-established tradition of public funding for NGOs, is expanding the funding base beyond charity or direct service organisations. Some people who study the sector suggest that there is a need for organisations to shift to issues of concern to the middle class, such as pollution or public transportation, in order to access funding from the public. Interestingly, a well-established grantmaking institution that funded progressive community action during the Soeharto era reported that at that time it took in significant public funding from anonymous sources that wanted to undermine the dictatorship but had to do so under the radar.⁹² This funding stream stopped after the fall of Soeharto.

Mass Media

Printed press coverage is generally positive about NGOs. Relationships between journalists and NGOs unfold in informal settings and through informal conversations in addition to more formal means like press conferences and press releases. In Pontianak, journalists reported preferring to present NGOs’ perspective on stories since they agreed with the NGOs’ aims. Coverage focuses more on advocacy efforts than service work. When the press covers service work, it focuses on the individual rather than the organisation and usually as a human-interest feature.

However, existing analysis does not consider in any depth the relationship between the traditional mass media and NGOs and its potential for shaping perceptions and behaviours of other sectors. Although it is not clear why, according to the 2006 survey, people trust mass media more than NGOs (“LSM”): 59% of respondents trusted television and 43% trusted newspapers, compared to 38% who trusted NGOs. People give donations in large numbers after a disaster when television and print outlets encourage donations.⁹³ In those cases, media outlets handle the money directly to distribute it to affected areas.

SECTORAL STRATEGIES

As laid out above, the Review aims produce new knowledge about Indonesia’s NGO sector that may be useful to stakeholders within and outside of AusAID, including NGOs themselves. The knowledge is meant to feed into action, including through AusAID’s direct engagement with NGOs or indirect engagement through efforts to improving the policy and funding environment in which NGOs operate. As such, developing an understanding of previous and ongoing efforts to

⁹² Personal communication, A. Wusari, 15 September 2012

⁹³ This sort of giving is tax deductible



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strengthen NGOs, their relationships to each other and their relationships with other sectors is an important part of a sectoral Review.

With its tendency to focus on project deliverables and not to provide for core operational funding, the donor community has had a big role in creating many of the weaknesses of NGOs they are today. As the main financial contributor, donors are the key to allowing for change within the NGO sector. As evident from Table 1 below as well as upcoming work, as of late 2012 strengthening NGOs and the NGO sector is an emerging priority across multiple stakeholder institutions in Indonesia, including AusAID, USAID, parts of the national GoI and many NGOs themselves.⁹⁴

Table 1 below is an initial overview of the types of approaches that have or could be taken to interact with and strengthen the sector, ranging from no interaction to intervention at an operating environment level. The Table also presents the basic assumptions that underlies these approaches as well as what form “capacity development” takes in each. The table includes examples drawn especially but not exclusively from AusAID Indonesia’s portfolio. This analysis will form a basis for the more exhaustive, detailed and comparative Phase II work on the results and cost effectiveness of such approaches, on comparative examples from other countries, and on proposing future directions.

Table 1. Sectoral Strategies⁹⁵

Approach		Underlying Assumptions	Nature of Capacity Building	Examples
Project Focused	Designed/implemented without NGO involvement	Various	N/a	Many; e.g., around 30% of AusAID FY 2011/12 funding to Indonesia to GoI or Australian government agencies
	NGOs as the mechanism to implement	NGOs are better positioned than other sectors to reach the target community	Administrative related to carrying out the project within specifications	Many e.g. World Bank Migrant Workers Program; LOGICA
	NGOs as the mechanism to implement and support to them in that role	NGOs are better positioned than other sectors to reach the target community directly and on an ongoing basis in the future	Administrative and in technical skill areas	AIFDR/Oxfam Building Resilience; AIPD/AIPD Rural

⁹⁴ In 2012 AusAID ODE released a study of AusAID’s work with civil society in Papua New Guinea, Vanuatu and the Philippines and new principles of engagement. Efforts are underway to operationalize the principles at the central, Canberra level. USAID recently conducted a series of scoping missions from Washington as well as an internal review at the Indonesia level to determine strategic direction. At least based on initial contacts USAID is interested in coordinating with AusAID given the convergence of their current interests and desire to avoid overlap.

⁹⁵ Although it is an important example of a donor program focused on work with NGOs, PNPM Peduli does not appear as an example. The program originally set out to develop a new way for the World Bank to work with NGOs and had organisational capacity building and networking as a core part of its design. The focus has shifted over time and the program is reviewing its priorities and approach as it enters its second phase.



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	NGOs take a lead in planning projects within specified parameters	NGOs are positioned to identify the needs of the communities they serve and the best approaches to take	Related to needs identified during project planning	MAMPU; ACCESS; future Health Systems Strengthening Civil Society Challenge Fund
Organisation Focused	Individual NGOs targeted at the organisational level	Strong organisations have better project/program outcomes than weak ones	Core support; focus on operational functions; accreditation	HIVOS; Core support to e.g. BaKTI, PEKKA; MAMPU; Code of Ethics. A functional accreditation system for NGOs does not exist in Indonesia.
Approach		Underlying Assumptions	Nature of Capacity Building	Examples
Systems Focused	New organisations created to fill gaps identified in the sector	Strong sector will have better project/program outcomes than weak ones	Core support; focus on operational functions as well as programmatic content	Among others PEKKA; BaKTI; YAPPIKA (by donors); ⁹⁶ Komnas Perempuan, Komnas HAM, and other national commissions
	Relationships within the sector (e.g. networks) or support NGOs targeted		Strengthening them as organisations and as a subsector	Oxfam and Ford network support; Support to SMERU and other future KS work; MAMPU; AIPD; ACCESS ⁹⁷
	NGO operating environment targeted		Changing donor, government, managing contractor, INGO etc. policies and practices	Few. ⁹⁸ ACCESS and AIPD at local level change communication patterns between NGOs and government; some efforts at donor coordination in the past.

⁹⁶ The difference between these organisations and those started in response to the availability of government funding seems to be the type of oversight and support given to the new organisations when their sponsor is a donor or INGO. While in at least one case in TTS, such an organisation prospered, grew, and attracted donor grants over time as well, the available data suggests that in most cases the latter organisations stay static and inactive after the end of the government grant.

⁹⁷ The Australia-Indonesia Facility for Disaster Reduction (AIFDR) plans to study the role of networks and national/local communications more in-depth to understand how to strengthen these relationships (personal communication, J. Brown and W. Setiabudi, 27 August 2012). Given recent attention to networks, it is worth noting that past efforts by donors to foster actual networks have been unsustainable for a variety of reasons. In donor circles, the word “networks” is often code for working through a known or more organisationally sophisticated partner who in turn has a series of one-off relationships with smaller or more local organisations.

⁹⁸ Globally such efforts are almost non-existent with the exception of the Philippine’s CODE NGO efforts to advocate on policies affecting the sector. In Indonesia, The coalition against *RUU Ormas* is a possible exception; in 2004 in various NGOs were involved in the revisions on the law on *yayasan*. The Act Alliance 2011 report found that operational and political space for NGOs depended on their capacity to negotiate with the state for such space.



As was explored briefly in the evolution section above, donors and INGOs have engaged with NGOs in Indonesia for decades. What is less clear is what such efforts have achieved, either in terms of poverty reduction development or in terms of making strong, well-functioning organisations that cost-effectively fulfil their potential roles in that arena. Thus also unclear is what strategies could be used in the future. The efforts have never been studied and compared systematically with that lens. Notable, some approaches may be at cross-purposes with strengthening the sector's ability to work in the long term on reducing poverty; pre-designed donor projects that do not encourage NGOs' use of community or other data, encourage their independent management and oversight of the implementation or encourage them to learn effectively from the results, maintain existing weaknesses in the Indonesian NGOs. So does donor reluctance to providing money for management and other indirect costs, which are necessary for any organisation to carry out a project.⁹⁹

It is difficult to assess from available data the outcomes and cost effectiveness of attempts like those in Table 1 to involve the NGO sector in development and poverty reduction and to strengthen the sector. A review of available AusAID progress reviews shows some evidence for a connection between donor support at the organisational and sectoral level and improved community outcomes. However, available data does not provide a valid basis for comparing outcomes across programs that engage NGOs in project delivery and those that do not, or for comparing programmatic outcomes across NGOs that experience different forms of capacity development. Much more work would need to be done to generalise and expand on such findings, starting with better defining what "positive" outcomes are at the organisational level as well as the level of the community.¹⁰⁰

QUESTIONS FOR FURTHER STUDY

The knowledge that the Review Phase II will seek to generate and then build on with finalised recommendations to AusAID concern the management, funding and programming of Indonesian NGOs, relationships among them, and relationships of NGOs with the government of Indonesia (GoI), the private sector, the general public and donors. They also concern the knowledge about what specific strategies can and should be implemented to build on strengths and opportunities and address challenges that affect the sector. See Annex 1 for initial recommendations made during Phase I and Annex II for critical questions that will guide research in Phase II. Phase II research overall will propose to answer the follow interrelated questions:

- In what areas and how can individual NGOs become stronger?;
- In what areas and how can relationships within the sector, including the role of support organisations, become stronger?;
- In what areas and how can the environment in which NGOs operate change to be more supportive for NGOs' operations and programming?;

⁹⁹ The strict controls often in place on NGO expenditures on donor-funded projects are especially ironic given the wide latitude in managing contractor arrangements for such costs.

¹⁰⁰ At the organisational level, NGOs may define it as outcomes which are sustainable for the community without continued NGO presence whereas a donor may define it as an organisation that can survive without donor funding, or vice versa. An additional challenge is measuring NGOs impact on poverty reduction since it is not always direct or measurable in a short, convenient time frame.



- In light of that information, how can AusAID most strategically support the NGO sector's efforts to achieve a healthy sector over the long term?

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ANNEX 1: INITIAL RECOMMENDATIONS TO AUSAID

The NGO Sector Review (the Review) in part proposes answers to the question, “how can AusAID strategically support the NGO sector’s efforts to achieve a healthy sector over the long term?” It focuses not on proposing ways to strengthen individual organisations, although that may be a part, but rather aligning the make-up, financing, and operating environment for NGOs collectively, so that the sector can maximise its sustainability and potential. The recommendations below, emerging from Phase I of the Review, are preliminary ideas and are not yet action-ready. They include new programming for AusAID, including some programming that will directly engage NGOs and some that will seek to improve NGOs’ operating environment. They also include recommendations about routine AusAID practices when the agency engages with NGOs and when collecting and managing information on projects.

Ideally implementation of all new programming would be done through an AusAID-funded “NGO Study and Service Centre for Poverty Reduction and Development” (NSSC). The NSSC’s tasks could also include ongoing gathering of information related to NGOs generated by the NSSC itself or through compilation of lessons from other sources; analysis of trends and challenges related to NGOs; and direct provision of capacity building to NGOs or referrals to other service providers when available. Findings from Phase I of the Review suggest that NGOs would welcome such a facility if it were housed somewhere they saw as appropriate. Phase II will include gathering information on such potential sites. While the resourcing required to properly support NGOs or a suite of NGOs programs might be higher than managing individual consultants, such a NSSC would have long-term benefits beyond just a limited term project in terms of building the capacity of the sector and in addition would be good for the visibility of AusAID. A previous report commissioned by AusAID’s Decentralisation Support Facility suggested that such an institution could be self-sufficient within eight to 10 years.¹⁰¹

The recommendations below as well as the NSSC would be strengthened to the extent that donors in addition to AusAID were involved in their implementation. However, given the Review’s mandate to provide AusAID with recommendations, the recommendations below only name AusAID.

Phase II of the Review will serve in part to further develop these recommendations with more targeted research. The findings detailed in the Phase I Findings Report as well as the recommendations in this Annex 1 have led to critical questions that will guide development of the research design for the Review’s Phase II. These questions appear below in Annex 2.

Sectoral Programming

¹⁰¹ Clark, nd. A previous report for the AusAID-funded Decentralisation Support Facility recommended such an approach structured with a national level “lab” and multiple regional hubs, in order to reduce divisiveness and Jakarta centrism.



Support NGOs' development of solutions to organisational-level and sectoral challenges

The Review recommends that AusAID provide NGOs from across the country forums in which to learn, discuss solutions and action plan together to address challenges in and to the sector. The forums should include cross-regional and cross-sector forums and workshops, including for emerging leaders and junior managers. The exact format and mechanism for these forums will be developed further through Phase II.

The Review further recommends that AusAID provide seed money for implementation of pilot initiatives that arise from NGOs' action planning. The focus will be on strengthening organisations' core functioning, relationships to each other and to other sectors and in certain cases programming effectiveness in strategic areas like evidence-based planning of programs and advocacy campaigns. In some cases the learning that develops in the forums will be turned into advocacy or communications campaigns so that organisations themselves are attempting to improve their operating.¹⁰²

This recommendation is in line with the AusAID Civil Society Engagement Framework that suggests that knowledge transfer and capacity building should be key features of AusAID's work with CSOs in order to promote sustainability.¹⁰³ It is also in line with previous recommendations to the Decentralisation Support Facility.¹⁰⁴

Existing and potential intermediary, capacity development and support organisations should be a key part of these efforts. Strengthening them, especially outside of Java, should be an explicit function of the initiative. This may include providing seed money to start new such organisations.¹⁰⁵ While ACCESS and other programs in AusAID, USAID and the World Bank use such organisations, the focus to date has not been on strengthening them or encouraging their growth off Java as a way to strengthen the sector over all.¹⁰⁶

The forums and the full NSSC can places through which evidence produced during the Review Phase II is disseminated to NGOs about possible solutions and opportunities for meeting challenges to organisations and the sector. The NSSC itself can produce or identify such evidence once it is operational, in part through participatory action research mechanisms and through accessing and translating materials produced in other countries.¹⁰⁷ In these ways, the forums and NSSC will contribute to evidence-based decision-making on the part of NGOs rather than that based on recycled partial information and misperceptions.

¹⁰² Although rare, there is a precedent for donors supporting NGOs in advocacy efforts. For instance, in November 2001, donors supported 18 Indonesian NGOs to form NGOs' Coalition for Freedom of Information and then submitted a draft of Freedom of Information Bill to the national parliament (Brewer, 2008). When the draft failed to pass, some donors funded activities to reintroduced the bill, i.e. through series of workshops and seminars, studies, publish booklets, as well as talking to the press. The law finally passed in 2008.

¹⁰³ AusAID, 2012:10.

¹⁰⁴ Clark, nd

¹⁰⁵ Ibid.

¹⁰⁶ The Knowledge Sector is seeking to strengthen the research institutions and think-tank's, many of which are themselves NGOs, that could be potential support for NGOs in evaluation and organisational learning

¹⁰⁷ Clark, nd



Moreover, through diverse representation the forums and the NSSC will foster a more flat sector, interconnected across regions and NGO subsectors. This will contribute to the development of a vision for NGOs' "place" in the post-Soeharto, decentralised Indonesia. The forums, NSSC and actions that emerge could link to development of accreditation standards and efforts to incentivise accreditation (see below). They could also feed into development of a training program or post-graduate certificate for NGO managers and leaders.¹⁰⁸

Support development and implementation of a NGO accreditation system

The Review recommends that AusAID support the development of the platform and management system for an accreditation system for Indonesian NGOs. The Review also recommends that AusAID support organisations in reaching the accreditation requirements, in ways that also strengthen the NGO support organisations. Further the Review recommends that AusAID create incentives for NGOs to follow the accreditation process by requiring AusAID programs to work only with accredited partners, as well as encouraging similar use of the system by other donor agencies including, in this case, the GoI. These accreditation-related recommendations link to the AusAID Civil Society Engagement Framework which acknowledges the importance of implementing accreditation system to reduce and manage risks.¹⁰⁹ A well-designed accreditation process will increase NGOs' focus on effectiveness, transparency, accountability, innovation and results.

In addition to its implementation leading to stronger, better managed organisations, an accreditation system can help overcome the information and trust gaps and tendency for donors to go back to the same partners over and over again. Particularly if linked to the interactive database and map recommended below, the accreditation system can serve as a gateway through which donors (here including government, CSR, INGOs and the public) identify potential funding recipients and program partners and are assured of the quality of those partners' management and programming.

The accreditation system will only be effective if implemented in a way that maximises stakeholder support while also allowing for NGOs critical of the government to be accredited. This means that an existing local NGO is unlikely to be the appropriate host, based on experiences of NGOs that have attempted to develop codes of ethics and self-regulation systems for the Indonesian NGO sector, as is the GoI. Meanwhile incentives for compliance will need to come from donors and the public. Phase II of the Review provides an opportunity to identify feasible options from the perspectives of various stakeholders.

There is a possibility that an accreditation system would favour a limited number of NGOs elite in the sector. In addition, the accreditation system would require NGOs to spend time and their already limited resources on reaching compliance with accreditation standards.¹¹⁰ This necessitates AusAID providing the support recommended above to NGOs for in reaching the accreditation standards.

Interactive database and map of NGOs

¹⁰⁸ Ibid

¹⁰⁹ AusAID, 2012:10-11

¹¹⁰ Brown and Purushothama, 2005



The Review recommends that AusAID provide funding for start-up and maintenance of an online database and mapping platform. The online database would build on the existing Review database including additional data gathered through surveys and mapping work done through Phase II, and would make use of open platform technology so that data could be updated by public users. Once the online platform is live, the Review recommends that AusAID also support efforts to publicise and socialise the tool to stakeholders.

The database and mapping would be a useful tool for anyone trying to identify potential NGO partners, whether other NGOs or donors, government or CSR bodies. (This would be particularly true if the database and accreditation systems recommended above link to each other.) Analytically the database will contribute to ongoing learning about the make-up and spread of NGOs throughout Indonesia. AusAID already recognises the value of mapping: AIFDR is funding mapping of community resources for disaster response and ACCESS uses community mapping in its work. The World Bank's Conflict and Development Team at the AusAID-supposed PNPM Support Facility is preparing to introduce an online map that could provide a model for the NGO map.

Programming Targeting the Operating Environment

Behaviour change communication campaign and national “conversation” on the role of NGOs

Information generated through Phase II research will develop a picture of attitudes towards NGOs in various other sectors. This knowledge can feed into targeted campaigns that lead to the development of a common understanding about the role and importance of a strong, independent NGO sector. AusAID could also encourage ongoing open communication among sectors through providing resources to strengthen standing bodies for coordination, such a government “*sekretariat bersama*” or the quasi-governmental Parliamentary Forums that were founded in some districts with the support of United Nations Population Fund (UNFPA).

Support regulatory and government system change

The Review during Phase II hopes to continue the initial analysis of the law and regulatory environment that was possible during Phase I. The purposes of counting this analysis would be to assess what laws, regulations and governmental systems related to NGOs are worth trying to change and how. This analysis would lead to concrete recommendations and a roadmap to making such changes, both in laws and regulations on general NGO activities and functioning as well as those that affect fundraising. The ultimate goals would be increased access to funding for NGOs, improved relationships between NGOs, government and the private sector, and more effective and practical NGO registration systems. The Review recommends that AusAID support invested actors within the GoI itself to undertake this Phase II work in order to increase ownership of the policy and system change recommendations.¹¹¹

¹¹¹ Act Alliance, 2011



AusAID Information and Management Systems

The Review recommends that AusAID gather information more systematically and routinely on work with NGOs by AusAID and its managing contractors and other intermediaries. At present, AusAID does not systematically track information on the NGOs that AusAID money reaches or on the performance of the intermediaries in supporting the NGOs' roles. Reviews of for-profit managing contractors are stored at a central level with one question regarding relationships with stakeholders from the perspective of the project manager. The first step would be a systematic review of past data, which has been proposed as part of the NGO Sector Review Phase II. This step would inform the development of a practical and useful mechanism for gathering such data on an ongoing basis. This data would be accessible and useful to AusAID staff that wish to identify or assess potential partners as well as to internal reviews of program outcomes and cost effectiveness.

Routine Program Planning and Implementation

The Review recommends that AusAID mainstream practices that will make AusAID a routine positive contributor to NGOs' operating environment. Based on the desk review and consultations with dozens of observers in and outside of AusAID, the Review suggests that AusAID directly or indirectly through its requirements for partners take actions such as the following:

During Concept Development and Project Planning

- Involve NGOs in the scoping and assessment process. (There are precedents such as the MAMPU program.) The process will maintain better relationships if AusAID makes it clear during this process about what potential benefit, if any, the NGOs will receive from participation.
- Study and make use of existing structures, relationships, and local resources whenever possible rather than duplicating or overwriting them. This includes consideration of partnerships with local organisations instead of hiring local NGO staff away from NGOs.
- Studying and learning from past donor experiences in certain types of interventions.
- In general, provide and prepare materials meant for review or access by local NGOs and the public in Indonesian.

When Preparing Budgets

- Include costs for core operations, development of core management capacities and organisational sustainability, and living wages for NGO staff into budgets; enforce intermediaries carrying this through to end-line partners.
- Consider the real length of time needed to accomplish meaningful change related to poverty reduction and reflect that in budget timeframes, including the time that AusAID internal processes take to execute so that this does not cut into implementation time for projects/programs.



When Identifying Partners

- Seek out partners that have an understanding of the national and subnational context and of the strengths and challenges of NGOs there in particular in their relationships with donors.
- Consider the values context of for- versus non-profit entities when making a choice of direct partner.
- Reach and build organisations that are not regular recipients of donor grants, including at the subnational level, in part through building in sustainable capacity development or support in operational areas where local NGOs are less strong.

When Designing Management Systems

- Develop a common financial reporting template, at least within AusAID if not with other donors.
- Develop creative reporting and evaluation methods that support NGOs to capture their real outcomes and impacts, e.g. facilitated reflection workshops, developing tools with the NGOs.



ANNEX 2: CRITICAL QUESTIONS

This report on the first phase of the NGO Sector Review (the Review) focused on gathering together existing data and analysis on Indonesia's NGO sector with an underlying goal of identifying the gaps found there that, if filled, could help NGOs, AusAID and other stakeholders take action to strengthen the Indonesian NGO sector's direct and indirect roles in poverty reduction. The "critical questions" generated from the main Phase I findings and from the initial recommendations that they suggest (see Annex 1) appear in this annex. The design of the Review's Phase II will propose analytical work designed to fill gaps in knowledge represented by these critical questions. In turn, the knowledge Phase II generates will inform the final recommendations of the Review to AusAID.

The critical questions that appear below relate both to topics in the Phase I Findings Report and to the initial recommendations to AusAID included in the report's Annex 1. With respect to critical questions arising from the Phase I findings themselves, the questions parallel the topics in the summary report and reflect gaps in the knowledge about NGOs, the make-up of and relationships within the sector and relationships with other sectors. With respect to critical questions arising from the initial recommendations, the questions speak to the gaps in the technical or strategic knowledge necessary to implement the initial recommendations.

The knowledge that the Review Phase II will seek to generate and then build on with finalised recommendations to AusAID concern the management, funding and programming of Indonesian NGOs, relationships among them, and relationships of NGOs with the government of Indonesia (GoI), the private sector, the general public and donors. They also concern the knowledge about what specific strategies can and should be implemented to build on strengths and opportunities and address challenges that affect the sector. See Annex II for critical questions that will guide research in Phase II. Phase II research overall will propose to answer the follow interrelated questions:

- In what areas and how can individual NGOs become stronger?;
- In what areas and how can relationships within the sector, including the role of support organisations, become stronger?;
- In what areas and how can the environment in which NGOs operate change to be more supportive for NGOs' operations and programming?;
- In light of that information, how can AusAID most strategically support the NGO sector's efforts to achieve a healthy sector over the long term?

For all of the issues of concern to the Review, Phase II will seek out more extensive comparative literature and practice knowledge from NGO sectors and related work in other countries besides Indonesia.

Critical Questions Linked to Findings

Typology



NGO Sector Review:

Phase I Findings

1. What types of organisations do donors work most often with in Indonesia? What other potential partnerships could be explored? What are the comparative benefits for poverty for working with different types of Indonesian NGOs?

Make-up of the Sector

1. How many active NGOs exist, where, working on what issues? What are the names and contact information of NGOs in districts throughout the country?
2. What are the different strengths, weaknesses, and geographical spreads of issue-based subsectors?
3. What are differences and similarities in local sectors across different geographical regions?
4. What social, political, economic factors characterise regions with many NGOs? With strong NGOs and NGO sectors?

Relationships Within the Sector

1. What factors support NGOs working productively together, despite “ego” or personality differences?
2. What practices here or elsewhere work to reduce the isolation of subnational NGOs and to reduce the information and access inequalities?
3. What distinguishes effective networks? Are the networks, like organisations, dependent on 1 personality? What if anything can be done to encourage more productive networks?
4. What has the role and impact been of the support subsector? What could be done to encourage a wider spread and stronger role for support organisations?

Organisational Level Functioning

1. How much of any one common challenge in Indonesian NGOs is linked to a lack of awareness on the part of leadership, and lack of interest, or a lack of appropriate human resources? If the latter, is the constraint to having appropriate HR based on a lack of information, access or a lack of sufficient funding?
2. What are the key differences between organisations that are strong in these areas and those that still have challenges?
3. What, if any, proof exists that strong core management makes for better development and poverty reduction programs? What can we learn from programs that are at least somewhat attempting to address this (e.g. MAMPU, ACCESS)?

NGO Life Cycle

1. What are the critical internal and external supporting factors that determine the ability of an NGO to become a stable institution?

Governance, Leadership, and Management

1. What can we learned from examples of NGOs that have boards of directors or advisors who have a meaningful role in direction setting, oversight and fundraising, especially in areas with a small NGO sector and thus a small pool of local people who



NGO Sector Review:

Phase I Findings

could feasibly be involved? Do examples of the latter even exist? Absent this, what are the options to create well-governed NGOs?

2. What would the receptiveness be on both sides to have Board members from diverse, not just NGO, backgrounds?
3. What factors help organisations to have specialised staff appropriate to their function within the organisation? To have HR appropriate to carrying out essential management functions?
4. What factor help organisations to develop and retain leaders from within the organisation?

Human Resources.

1. What is the actual nature of NGO recruitment and turnover problems? What are the root causes and thus possible solutions? What are NGO staff incomes, incentives and benefits relative compared to other sectors? What other factors drive staff to stay or leave NGOs? What lessons can be learned from organisations with low turnover?
2. What if anything can donors do differently, including requiring of their managing contractors to raise compensation to staff? (The experience of one prominent INGO suggests that donors can successfully work with NGOs to raise their staff pay levels, though it may result in the intermediary or managing contractor being considered uncompetitive for bids by donor agencies.)
3. What is the nature of gender and other disparities within NGOs? What is a priority to be addressed to reduce the male dominance? What do cases of organisations with a strong female staff presence in Indonesia and elsewhere suggest as possible solutions?
4. What does does and could career paths look like for NGO staff? What could be done differently by various stakeholders to increase staff retention, leadership development and appropriate skill sets within organisations?
5. What successful efforts at building HR capacity exist and what can be learned there? What can be learned from organisations that have maximised available technology (basic computer skills, websites/social media)?

Financial Planning and Management

1. What can we learn from organisations that do manage money with an organisational and long-term rather than project perspective? What are their relative strengths, and what if any advantages does it give them?
2. What internal and external factors are driving any questionable financial management and reporting practices? What would it take for organisations to, for example, pay a living wage with proper benefits to their staff? To create rainy day funds? To fund staff development?
3. Are there any past or existing efforts on the part of donors in Indonesia or internationally to encourage attention to the organisational level on the part of NGOs? To actually provide core funding? Any lessons there?
4. What lessons can be learned from organisations that have managed to diversify their funding base? What sustainable fundraising options exist, or might in the future, beyond the small set of public fundraising options piloted so far?

Accountability



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1. Are there other ways to measure an organisation's downward accountability besides budget transparency? What about to encourage it? In other words, are there other ways for NGOs to be downwardly accountable besides sharing their budgets publically? (This does not always make sense for small or very local NGOs.)
2. What are the root differences and benefits or risks to organisations who try to be transparent with their budgets? What keeps most organisations from doing so? (The ACCESS experience asking organisations to make their budgets transparent suggests that the incentive of a grant is enough to push organisations into making their budgets public.)

Programs Planning and Learning

1. What would it take and from what stakeholders for NGOs to start collecting and making use of data more effectively? What set of incentives would it require? What can be done to develop a culture of knowledge sharing among NGOs and between NGOs and other sectors?
2. What lessons can be learned from organisations that do effective organisational learning, political advocacy or advocacy towards private sector targets, research-based program planning?
3. What is the nature of NGOs program initiating and planning? What can we learn from NGOs that successfully initiate and fundraise around programs rather than taking direction from donors? What hampers organisations from initiating their own or uncommissioned program? What can donors do to help support programs initiated by subnational NGOs?

Building a Profile

1. What useful lessons can be learned from efforts in Indonesia or elsewhere to build capacity of NGOs to use online/social media resources? What could be done to shift the online identities and thus following of NGOs away from individuals towards the organisation?
2. What creative solutions exist to the "writing gap" so that organisations' successes and lessons learned are captured and built on? What are possible solutions?
3. What creative solutions exist to the "writing gap" so that organisations' successes and lessons learned are captured and built on? What are possible solutions?
4. What factors support organisations that have built strong public profiles, whether through new or traditional media? What lessons can be learned from them?

NGOs and Other Stakeholders

Government Context

1. What is the difference between the places that have effective government-NGO relationships and those that are still weak? What creates, and in turn what benefits are there, from effective NGO/government relationships? What would be necessary to encourage this change more widely?



NGO Sector Review:

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2. What can be done to make sure that experienced, quality organisations access government grant money and face time with officials?
3. NGOs/activists and formal politics – something to be encouraged? What positive or negative impacts does it have on NGOs operations and on their ability to make an impact in their issue area?
4. What areas of the registration, regulations and oversight system are worth trying to change? What would it take to change them? What is the proposed alternative? Who should drive this change?
5. What can be done to prevent “fictive” organisations from siphoning government grants from legitimate NGOs? To make the government granting process more transparent and accessible?
6. What laws and regulations tied with NGO fundraising are worth trying to change? What do lessons from *zakat* management organisations tell us? What about public attitudes – what if any changes in the tax code or other regulations increase public or corporate giving?

Donors

1. What NGOs have been able to negotiate with donors? What could other NGOs learn from that experience? What lessons for donors?
2. What issue areas are donors funding in Indonesia, by whom, and what are the overlaps and missing areas? How is this likely to change over time?
3. What has been tried in Indonesia or elsewhere to make information more accessible to NGOs (e.g. using Indonesian for program documents)?
4. What can donors do to make their programs and resources more accessible to Indonesian NGOs, including by preparing Indonesian-language materials?
5. What has the impact of NGO engagement been according to accumulated AusAID reports? Cost effectiveness?

INGOs and Commercial Managing Contractors

1. What are the costs and benefits of different types of intermediaries between donors and Indonesian NGOs? (Indonesian intermediaries can be included here in addition to INGOs and commercial managing contractors.) What information exists internationally on the role of for-profit managing contractors, their outcomes compared to INGOs or national NGOs to doing work with civil society, and mechanisms for balancing risk with doing work in line with the ethics of NGOs? What if any conclusions can we draw from information available in the Indonesian context?
2. To what extent are INGOs in competition for funds that local NGOs might otherwise access? What if any solutions are there, if so?
3. Could the approach and “repository” function of the INGOs focused on building the local sector be institutionalised domestically? Should it be?
4. What funding environment do non-direct service (human rights, advocacy, etc.) NGOs face in the future with the reduction of funding through sources like HIVOS?

Private Sector



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1. What change would be necessary for private corporations to contribute to NGOs to a greater degree, whether that is changes in attitudes, laws, or NGO practices?
2. What do examples of “mutually respectful but critical” relationships between NGOs and private sector look like? What can those examples offer? What would be necessary for NGOs to play this role more often?

General Public

1. What change or mechanism would encourage middle and upper class private citizens to contribute to NGOs to a greater degree, whether that is changes in attitudes, laws, or NGO practices or simply better information? What is driving the “volunteerism” trend?
2. Are there other examples of organisations that have significant sources of public funding, or that did at one time (e.g. under Soeharto)? What can be learned from these examples?

Mass Media

1. What if any role does the media have in shaping perceptions of NGOs and presenting their causes? What difference is there at a national and subnational level? What could the media do differently to contribute to public debate and engagement on issues the NGOs identify and to raising the profile of NGOs in the public’s mind?
2. How could NGOs use the media more effectively to promote themselves and advance their causes?

Sectoral Strategies

1. What evidence do past and existing programs offer on the importance of organisational and sectoral level work for creating better program outcomes related to poverty reduction (whether directly or indirectly)?
2. Specifically for capacity development/intermediary/grantmaking NGOs: What would it take to be self-sustainable? To develop outside Jakarta? What is the feasibility of fees for service? What is absorptive capacity – could more donor money for CD go through more of these organisations?

Critical Questions Linked to Recommendations

Sectoral Programming

NGO Study and Service Centre for Poverty Reduction and Development

1. Would this Centre make a difference? Would NGOs and other stakeholders find it useful? What services should it provide according to stakeholders? Where should this Centre live so that the information and systems are trusted by and accessible to the widest number of sources?
2. What are the possible and realistic funding models for such a Centre so that it sustains itself beyond initial support from AusAID?

NGOs Solutions Forums

1. What is the most cost effective format, setting and mechanism for these forum?



NGO Sector Review:

Phase I Findings

2. What specific priority challenges should be targeted based on the information generated on potential solutions and their feasibility and cost effectiveness?
3. What external challenges may be in the horizon that NGOs can start preparing for or working to prevent?
4. This recommendation is built on the premise that stronger organisations and a stronger sector leads to better development outcomes from the organisations' work on the ground. What evidence exists that will make the case for efforts targeting the organisational level?
5. What organisations exist in each area that are strong or have potential to grow strong through such forum?.

Accreditation System

1. What is the most cost effective form of support to NGOs for getting accredited, that will also lead to strengthening domestic capacity development organisations? Could this be self-funded eventually and how? Potential for requiring a small fee from users?
2. What should the standards be in the Indonesian context, so that they are palatable to NGOs, donors, private sector, the general public and government?
3. What are the most strategic approaches, forums and "hooks" to convincing various stakeholders to make use of this system?
4. For all of the above questions, what do experiences in other countries suggest as the best approach?

Interactive Map & Database

1. Where should this database and map "live" so that it is trusted and useful to various stakeholders, NGOs and the public in particular?
2. Has this been tried elsewhere or in other sector, and what lessons are applicable to the Indonesian NGO context?
3. What are the possible and realistic management and implementation models for the database so that it sustains itself beyond initial support from AusAID?

Programming Targeting the Operating Environment

National Conversation

1. What is the political climate as the country gears up for an election in 2014 as well as the economic and social trajectory of the country that will influence the private sector's and public's ability and interest in building financial or other relationships with NGOs?
2. What lessons from AusAID programs like ACCESS (that convenes multi-stakeholder forums at the district level) or like the Knowledge Sector (which has had a very positive reception from government) can be useful to shaping the "national conversation" on the role of NGOs?
3. What are the perceptions and related behaviours, especially related to funding in the case of private sector and the middle class, held by the various stakeholder sectors about NGOs? What behaviour would be required on the part NGOs to reinforce the positive perceptions and reduce the negative ones, or to shift perceptions towards openness to the diverse roles that NGOs should play (including respectfully challenging government and private sector practices)?



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4. How and in what form should the various messages be disseminated to be most cost effective, and by whom?
5. Has anything similar been tried elsewhere? What lessons apply in Indonesia?
6. What are the contributions of NGOs to Indonesia's economy/GDP that could be selling point for certain sectors (private sector, government)?

Regulatory and government system change

1. What changes in which laws, regulations, systems or practices should be prioritised given their potential impact on financing and on daily functions of NGOs?
2. What attempts have there been in other countries or by other donor agencies in Indonesia to reform NGO-related laws and regulations? What lessons for Indonesia? There are no examples of this that have emerged throughout this first phase of the Review.

AusAID Information and Management

1. What specific variables would be most useful to assess across the various programs that work with civil society?
2. What is the most efficient and accessible mechanism for gathering and tracking this information?
3. What link if any could it have to the interactive database (proposed below)?

AusAID Program Planning and Implementation

1. What steps are necessary to mainstream and socialise within AusAID the initial recommendations made by the Review for internal AusAID practices related to working with NGOs? What additional ones emerge through further research? Which are critical according to stakeholders?



ANNEX 3: METHODOLOGY

The Review Phase I methodology consisted of desk review including media scanning, key informant consultations in group and individual arrangements, building a database and analysis of quantitative and financial data, and survey and mapping of NGOs in two districts. While the majority of the Phase I work took place in Jakarta, it also included some field study:

- Around five days each for three researchers in Ketapang District, West Kalimantan (Kalbar) Province and South Central Timor (TTS), East Nusa Tenggara (NTT) Province for NGO surveying, mapping and consultations and consultations with other sectors;
- Around two days each for two researchers in the city of Pontianak, West Kalimantan Province (Kalimantan Barat or Kalbar) and the city of Kupang, East Nusa Tenggara Province (Nusa Tenggara Timur or NTT) for a limited number of consultations; and
- Two days for one person in the City of Tasikmalaya in West Java Province, focused on assessing the government registration system and accessibility of government data.

Desk Review

The team conducted structured reviews of academic literature and development practice literature, as reflected in the reference list of the report. These sources were collected through structured searches in the online ProQuest and Google Scholar research databases and the University of Indonesia library, as well as from team members' personal collections, through informants as the Review proceeded, and through topical Google.com web searches. The team also directly reviewed relevant government laws and regulations. In addition, from late June to late September 2012, the Review scanned articles and media coverage from three national daily newspapers (Kompas, the Jakarta Post, and Koran Tempo), as well as a prominent weekly magazine, Tempo. The structured, daily media scanning served both as a source of information as well a tool to analyse the media's perceptions and portrayals of NGOs.

Key Informant Consultations

The Review consulted with 192 people from June to October 2012 including representatives of international, national and subnational NGOs, government and private sector officials, representatives of donor agencies and managing contractors, journalists and individual experts, consultants, academics and activists as well as community members. Table 3-1 at the end of this Annex summarises the breakdown of consultations, excluding community members who were represented in two focus groups conducted during field visits. In response to a request from NGO representatives who gave feedback on the report, Table 3-2, also at the end of this Annex, lists the NGOs from which representatives were consulted.



NGO Sector Review: *Phase I Findings*

More than half of NGO consultations took place during the field research in NTT and Kalbar. The remainder took place in Jakarta or by phone or Skype to Papua and West Papua, Bali, North Sumatra, South Sulawesi, Aceh, and Ottawa (Canada).

Within and relating specifically to AusAID Indonesia, the Review consulted with

- Almost all sectors and units within AusAID Indonesia that engage in some way with civil society;
- The Performance and Quality, Finance, and Procurement Units;
- Managing contractors for the Australian Community Development and Civil Society Strengthening Scheme (ACCESS) program and the Australia Indonesia Partnership for Maternal and Neonatal Health (AIPMNH);
- The INGO the Asia Foundation (TAF) which manages several AusAID grants through different program streams.

Consultations were primarily done on an individual or paired basis, with the exception of subnational NGO representatives of which almost 50 were consulted with in a group setting. In addition a focus group discussion with community members was held in each target district during the field research.

Given its focus on compiling existing knowledge of the sector, Phase 1 focused on speaking with informants from a broad range of backgrounds about a similar set of topics relating to the role, history, strengths, challenges and future of Indonesia's NGO sector and its relationships to other sectors. It also focused on speaking to people who had previously thought conceptually about the sector in that way, above and beyond the organisational level. Generally the aim of a given consultation was to develop a common understanding of answers to broad questions rather than in-depth answers to narrow questions. On occasion, a consultation focused on a specific experience or technical area of knowledge that the informant possessed, or on implementation of a specific program as in AusAID program consultations.

The findings reflected in this report were shared widely to solicit feedback from NGOs, AusAID and experts on the sector. This sharing included a discussion forum in late October 2012 with representatives of 20 NGOs from 14 provinces. See Table 3-3 at the end of this Annex for a list of participant NGOs. Feedback also came from peer review in mid/late November 2012.

Database and Other Quantitative Data

The database compiled for this phase of the NGO Sector Review is the largest database of Indonesian NGOs known to the Review, including data on 4190 unique organisations. The database compiled for this phase of the NGO Sector Review is the largest known database of Indonesian NGOs, including data on 4190 unique organisations sourced from mailing lists of the Indonesian NGOs SMERU and Penabulu; AusAID MAMPU and ACCESS partner lists; an USAID partner list; the governments of the City of Tasikmalaya, District of Ketapang, and Province of West Kalimantan; STATT's NGO mailing lists; and quick surveys for the Review in TTS and Kalbar



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Additional quantitative data was found in

- A *Pusat Pelaporan dan Analisa Transaksi Keuangan* (PPATK) report originally provided in draft form by the NGO Perkumpulan Skala
- Central Statistical Agency (BPS) publications from the district governments in Ketapang and TTS;
- The BPS website;¹¹²
- 10 NGO surveys for the Review in Ketapang and 13 in TTS;
- Financial data kindly provided by the AusAID Finance Unit on AusAID Indonesia contracts for fiscal years 2007/08 through 2011/12.

Data was not rich enough to conduct complex statistical analysis. However, Pearson's correlation and bivariate regression were used to examine questions regarding

- The nature of the relationship between the number of NGOs per province from the Review database and official government data;
- The nature of the relationship between the number of NGOs per and provincial population;
- The nature of the relationship between the number of NGOs per and provincial GDP.

Data available and results of the analysis is summarised as appropriate in the text, tables and graphs in the report; tables and maps in Annex 5; and for AusAID readers in an Annex 8 focused on AusAID spending over the past five years.

¹¹² Aritonang, et al, 2009; BPS TTS, 2012; BPS Ketapang, 2011



ANNEX 3 TABLES

Table 3.1: Summary of Consultations.

Consultation Sources	Number of Individuals
National NGO	15
Subnational NGO ¹¹³	84
AusAID	22
Other donor agencies	7
National government	3
Subnational government	15
INGOs	10
Managing contractor	6
Media	3
Private Sector/CSR	7
Individual activists, experts or consultants	20
TOTAL	192

¹¹³ Including networks and branches of national NGOs



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TABLE 3.2: NGOs Consulted

#	NGO Name	NGO Location	Position of Person/People Consulted	Setting	Date/dates
1	ACE	Jakarta	Executive Director, Program Manager and Program Officer	Small Group Discussion	9/12/2012
2	Alam Sehat ASRI	Ketapang, Kalimantan Barat	Chairman of the Board-COO, Dentist and Program Assistant	Small Group Discussion	9/28/2012
3	Aliansi Penegak Demokrasi	Soe, Timor Tengah Selatan, NTT	Director	Individual Discussion	9/27/2012
4	ASPIRABA	Ketapang, Kalimantan Barat	Ketua	Individual Discussion	9/19/2012
5	Bengkel Appek (Advokasi Pemberdayaan dan Pengembangan Kampung)	Kupang, NTT	Director	Individual Discussion	9/28/2012
6	Bina Integrasi Edukasi	Jakarta	Direktur	Individual Discussion	9/14/2012
7	Bursa Pengetahuan Kawasan Timur Indonesia - BaKTI	Jakarta	Executive Director, Director and Communication Officer	Small Group Discussion	9/5/2012
8	CIS Timor	Kupang, NTT	Director	Individual Discussion	9/24/2012
9	CIS Timor Soe - NTT	Soe, Timor Tengah Selatan, NTT	Koordinator Posko CIS Timor Soe	Individual Discussion	9/25/2012
10	CIVAS (Center for Indonesian Veterinary Analytical Studies)	Jakarta	Direktur Eksekutif and Koordinator Pengembangan Program & Data Analisis	FGD	9/19/2012
11	Credit Union (Branch: Khatulistiwa Bakti)	Pontianak, Kalimantan Barat	Auditor	Individual Discussion	9/25/2012
12	Dian Tama	Pontianak, Kalimantan Barat	Sekretaris	Individual Discussion	9/27/2012
13	FFTI Bali	Denpasar, Bali	Project Officer	Small group discussion	9/21/2012
14	FMP2D	Soe, Timor Tengah Selatan, NTT	Director	Individual Discussion	9/27/2012



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#	NGO Name	NGO Location	Position of Person/People Consulted	Setting	Date/dates
15	FOKER LSM Papua	Jayapura, Papua	General Secretary	Individual Discussion	9/12/2012
16	Forum Bangun Aceh (FBA)	Jakarta	Director	Individual Discussion	9/5/2012
17	Forum LSM Aceh	Banda Aceh, Nangroe Aceh Darussalam	Secretary General (former)	Individual Discussion	9/6/2012
18	Gemawan	Pontianak, Kalimantan Barat	Direktur Eksekutif	Individual Discussion	9/25/2012
19	Houmeini	Soe, Timor Tengah Selatan, NTT	Direktur	Individual Discussion	9/25/2012
20	Indonesia Untuk Kemanusiaan (IKA)	Jakarta	Executive Director	Individual Discussion	09/15/2012
21	INTAC (Indonesia Tax Care)	Jakarta	Direktur and Sekretaris	FGD	9/19/2012
22	IRCD (Institute Research for Community Development)	Jakarta	Manajer Program dan Office Manager	FGD	9/19/2012
23	JARAK Sumut	Medan, Sumatera Utara	Founder	Individual Discussion	9/18/2012
24	Jaringan Akuntabilitas dan Transparansi Anggaran	Pontianak, Kalimantan Barat	Staf lapangan	Small Group Discussion	9/25/2012
25	Jaringan Perempuan Usaha Kecil (Jarpuk)	Kupang, NTT	Fasilitator & Motivator	Individual Discussion	9/29/2012
26	Kawan Burung Ketapang (KBK)	Ketapang, Kalimantan Barat	Direktur	Small Group Discussion	9/27/2012
27	Kemitraan	Jakarta	Program Manager	Individual Discussion	9/10/2012
28	Khatulistiwa Kota Kita (K3)	Ketapang, Kalimantan Barat	Ketua	Small Group Discussion	9/27/2012
29	Komunitas Siaga Kalsel	Jakarta	Ketua	FGD	9/19/2012
30	Lakpesdam	Jakarta	Manager PNPM Peduli in Lakpesdam	Individual Discussion	9/12/2012
31	Lentera Pustaka Indonesia	Jakarta	Direktur dan Direktur Program	FGD	9/19/2012
32	Living Landscape Indonesia	Pontianak, Kalimantan Barat	Direktur	Small Group Discussion	9/24/2012



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#	NGO Name	NGO Location	Position of Person/People Consulted	Setting	Date/dates
33	Lontar	Jakarta	Chairman of the Board	Individual Discussion	7/25/2012
34	LP3ES and Konsil LSM	Jakarta	Ketua Dewan Pengurus/Ketua Komite Pengaruh Nasional	Individual Discussion	10/9/2012
35	LSM Animasi	Soe, Timor Tengah Selatan, NTT	Director and ACCESS Program Staff	Individual Discussion and Small Group Discussion	9/25/2012 and 9/26/2012
36	LSM Aspirasi Perempuan Bekasi	Jakarta	Ketua Umum	FGD	9/19/2012
37	LSM Kompak Nabire Papua	Nabire, Papua	Director	Individual Discussion	9/12/2012
38	LSM SDM	Soe, Timor Tengah Selatan, NTT	Director and Koordinator Program	FGD	9/29/2012
39	LSM Sekolah Tanpa Batas	Jakarta	Manajer Program dan Staf Keuangan	FGD	9/19/2012
40	LSM Today	Soe, Timor Tengah Selatan, NTT	Director	FGD	9/26/2012
41	OAT	Soe, Timor Tengah Selatan, NTT	Director and Koordinator Lapangan & Program	Individual Discussion	9/25/2012 and 9/28/2012
42	Peduli Buruh Migran	Jakarta	Koordinator Jaringan	FGD	9/19/2012
43	Penabulu	Jakarta	Executive Director and Program Director	Small Group Discussion	4/9/2012
44	Perkumpulan Masyarakat Penanggulangan Bencana	Kupang, NTT	Director and Staff	Small Group Discussion	9/29/2012
45	Perkumpulan Pikul	Kupang, NTT	Learning Director, Knowledge Management and Public Outreach Director	Small Group Discussion	9/24/2012
46	Perkumpulan Sahabat Masyarakat (SAMPAN)	Pontianak, Kalimantan Barat	Direktur	Small Group Discussion	9/24/2012
47	Perkumpulan Skala	Jakarta	Manager	Individual Discussion	7/27/2012



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#	NGO Name	NGO Location	Position of Person/People Consulted	Setting	Date/dates
48	Permata	Ketapang, Kalimantan Barat	Ketua	Individual Discussion	9/28/2012
49	PKBI Ketapang	Ketapang, Kalimantan Barat	Ketua	Individual Discussion	9/28/2012
50	Pontianak Institute	Pontianak, Kalimantan Barat	Direktur and Koordinator and Anggota	Small Group Discussion	9/25/2012
51	Pusat Pengembangan Sumber Daya Wanita	Pontianak, Kalimantan Barat	Direktur	Individual Discussion	9/26/2012
52	Pusat Studi Hukum dan Kebijakan Indonesia (PSHK)	Jakarta	Executive Director	Individual Discussion	9/18/2012
53	Pusat Telaah dan Informasi Regional (PATTIRO)	Jakarta and Kupang, NTT	Executive Director, Adviser and Gender Expert and Korprov	Small Group Discussion	9/06/2012 and 9/24/2012
54	Rumpun Masyarakat Arus Bawah (RMAB)	Ketapang, Kalimantan Barat	Direktur	Small Group Discussion	9/27/2012
55	Satu Dunia	Jakarta	Partnership Officer	Individual Discussion	10/1/2012
56	SMERU Research Institute	Jakarta	Researcher and NGO Partnership Officer	Small Group Discussion	8/29/2012
57	Suara Sanggar Perempuan	Soe, Timor Tengah Selatan, NTT	Director	Individual Discussion	9/25/2012
58	Sutra Foundation	Kupang, NTT	Director	Individual Discussion	9/29/2012
59	Titian	Pontianak, Kalimantan Barat	Direktur	Individual Discussion	9/24/2012
60	Tlatah Bocah	Jakarta	Direktur	Individual Discussion	9/19/2012
61	Yayasan Alfa Omega	Kupang, NTT	Director	Small Group Discussion	9/24/2012
62	Yayasan Al-Mujahid	Tasikmalaya, Jawa Barat	Ketua Yayasan	Individual Discussion	9/7/2012
63	Yayasan Cemara	Kupang, NTT	Koordinator Bidang Penguatan Kapasitas	Individual Discussion	9/27/2012
64	Yayasan Gunung Palung	Ketapang, Kalimantan Barat	Direktur and Manager	Individual and Small Group Discussion	9/27/2012 and 9/28/2012



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#	NGO Name	NGO Location	Position of Person/People Consulted	Setting	Date/dates
65	Yayasan Haumeni	Soe, Timor Tengah Selatan, NTT	Direktur	Individual Discussion	9/26/2012
66	Yayasan KASIMO Soe	Soe, Timor Tengah Selatan, NTT	Direktur	Individual Discussion	9/26/2012
67	Yayasan Kolo Hunu Soe	Soe, Timor Tengah Selatan, NTT	Director	FGD	9/27/2012
68	Yayasan Ndua Ate (Yasna)	Kupang, NTT	Director	Small Group Discussion	9/27/2012
69	Yayasan OISCA Soe	Soe, Timor Tengah Selatan, NTT	Director and Staff	Small Group Discussion	9/26/2012
70	Yayasan Pancaran Kasih (YPK)	Soe, Timor Tengah Selatan, NTT	Director	Individual Discussion	9/27/2012
71	Yayasan Rumsram	Biak, Papua	Director	Individual Discussion	9/12/2012
72	Yayasan Sahabat Anak	Jakarta	Koordinator Humas dan Ketua Pelaksana Harian	FGD	9/19/2012
73	Yayasan Sanggar Suara Perempuan	Soe, Timor Tengah Selatan, NTT	Director	Individual Discussion	9/26/2012



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Table 3-3. NGOs in Feedback Forum.

#	NGO Name	NGO Location	Position of Person/ People Consulted
1	CRESCENT	Lombok Tengah, NTB	koordinator program
2	Flower Aceh	Banda Aceh, Aceh	Direktur
3	Jurnal Celebes	Makassar, Sulawesi Selatan	Manajer Pengembangan Media
4	KAMUKI	Manokwari, Papua Barat	Direktur Eksekutif
5	Koalisi NGO HAM Aceh	Kota Banda Aceh, Aceh	Direktur Eksekutif
6	Konsil LSM Indonesia	Jakarta Selatan, DKI Jakarta	Manajer Publikasi & Informasi
7	KPMM	Padang, Sumatera Barat	Direktur Eksekutif
8	LSM Bahtera Dumai	Kota Dumai, Riau	Direktur Eksekutif
9	LSM SEPAKAT Lhokseumawe	Kota Lhokseumawe, Aceh	Direktur Pelaksana
10	Perserikatan OWA Indonesia (Orientasi Wanita dan Anak)	Palembang, Sumatera Selatan	Ketua Pengurus Harian Perserikatan OWA Indonesia
11	PESADA (Perkumpulan Sada Ahmo).	Dairi, Sumatera Utara	Direktur Eksekutif
12	PW Lakpesdam NU Jawa Timur	Surabaya, Jawa Timur	Pengurus PW Lakpesdam NU Jawa Timur
13	Sulawesi Community Foundation (SCF)	Makassar, Sulawesi Selatan	Direktur Eksekutif
14	Yayasan Arika Mahina	Kota Ambon, Maluku	Direktur / Koordinator
15	Yayasan BIKAL	Bontang, Kalimantan Timur	Ketua Yayasan
16	Yayasan Bina Vitalis	Palembang, Sumatera Selatan	Direktur
17	Yayasan Mitra Tani Mandiri (YMTM)	Timor Tengah Utara, NTT	Direktur dan Supervisor Program
18	Yayasan Santo Antonius (Yasanto)	Merauke, Papua	Direktur Eksekutif
19	Yayasan Tananua Flores	Ende, NTT	Direktur
20	Yayasan Wisnu	Badung, Bali	Manajer Pemberdayaan masyarakat



ANNEX 4: NGO-RELATED TERMS

Terms	Term Language	Definitions and Usage Notes
Non-governmental organisation (NGO)	English	NGOs for the purposes of this review are CSOs defined by at least a minimum organisational structure, reliance on paid or voluntary staff focused on serving others rather than engaging in self-help, and minimum financial base (Holloway, 2001; Antlov, 2003; Weller, 2005). Antlov, Ibrahim, and Tuijl (2005) note that NGOs started to be recognized in Indonesia in the early 1970s following the Soeharto's regime policy to involve community in the development activities. The New Order Government pushed the term <i>Lembaga Swadaya Masyarakat (LSM)</i> , or community self-help institution), most probably to avoid the political aspects of the terms (Eldridge, 2005:150). The term first appeared in the Law Number 4 of 1982 about Basic Provisions for Environmental Management. The only current legal reference to the term is in the Attachment Instruction of the Minister of Home Affairs Number 8 of 1990 on the Development of LSM, which defines LSM as an "organisation/institution voluntarily formed by citizens of the Republic of Indonesia on their own will and interested as well as linked into an area of related activities that determined by the organisation/institution as a demonstration of participation to improve the community standard of living and well-being. Such organisation/institution focused on devotion on a self-help basis" (p.1)
<i>Organisasi non-pemerintah (ornop)</i>	Indonesian	
<i>Lembada Swadaya Masyarakat (LSM)</i>	Indonesian	
Non-profit or not-for-profit organisation (NPO)	English	NPO or the Indonesian translation <i>organisasi nirlaba</i> is functionally a synonym of NGO, <i>ornop</i> and <i>LSM</i> . Some observers prefer to emphasize the non-profit nature of the organisations, rather than their standing outside direct control of government. Nainggolan and Simangunsong (2012:4,5) prefer to use the term NPO due to its relative capability to cover as many non-profit entities as possible and provide considerable distinction to other sectors.
<i>Organisasi Nirlaba</i>	Indonesian	



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<i>Yayasan</i>	Indonesian	Law Number 16 of 2001 and the revised Law Number 28 of 2004 about <i>yayasan</i> defines them as “a legal entity consisting of wealth that being separated and destined to achieve certain goals in the social, religious, and humanitarian sectors. The entity has no members.” While the term translates literally into “foundation” in English, the English term implies a focus on grant-making that rarely applies in the Indonesian context. In practice while many upstanding organisations are classified as <i>yayasan</i> , the term has some baggage associated with the designation’s use by money-making arms of the military and by “ <i>plat merah</i> ” organisations formed by government official, legislature member, and other state officials. The term was taken from the government vehicle license plates that usually are in red colour. Such organisations are commonly assumed to be corrupt.
<i>Perkumpulan</i>	Indonesian	The establishment and operation of <i>Perkumpulan</i> , which in English is translated into "association," is regulated under a number of the Dutch-era legislations that still have legal status and define <i>perkumpulan</i> as "organisation that include a partnership, co-operative and bear one another's association." (Rachmadsyah, 2012). Two or more people may establish a <i>perkumpulan</i> with legal standing from the Ministry of Law and Human Rights. <i>Perkumpulan</i> is a legal entity that requires membership and charge fee from its members. There are fewer <i>perkumpulan</i> than <i>yayasan</i> ; they are harder to form because of the membership requirement (Nainggolan and Simangunsong, 2012:10)
<i>Organisasi massa (ormas)</i>	Indonesian	This term was introduced in legislation created to control organisations critical of the Soeharto regime (Eryanto Nugroho, Executive Director of Indonesian Centre for Law and Policy Studies, in consultation on September 18, 2012). According to the Law Number 8 of 1985, a mass organisation is: "An organisation voluntarily formed by Indonesian citizens on the basis of similarity in activity, profession, function, religion, and belief in one God in order to participate in the development to achieve national goals in the Unitary State of the Republic of Indonesia based on Pancasila." The government and parliament are now in the process of revising the law.
Mass-based organisation	English	



ANNEX 5: CITY/DISTRICT AND PROVINCIAL DATA TABLES AND MAPS

Map 5.1: Number of NGOs per Province



Data Source: PPATK, 2010.

See <https://www.google.com/fusiontables/DataSource?snapid=S732318F8cd> for an interactive version of this map, including relevant data on each province.



Map 5.2: GDP per Province



Data Source: BPS, 2010.

See <https://www.google.com/fusiontables/DataSource?snapid=S769805GDMw> for an interactive version of this map, including relevant data on each province

There is a positive correlation to the strongest statistical significance between a province's GDP and its number of NGOs. The reasons for outliers evident from this visual representation, such as Aceh and Lampung, are not clear. They may lie in the quality of data available, or in Aceh's case with the tremendous rise in the number of NGOs after 2005's tsunami and the influx of donor funding that followed. Many such NGOs have gone inactive but may still appear on government registration lists.



Map 5.3: Map based on total NGOs/district in Review NGO database



Data on total NGOs appearing the Review database as of 15 October 2012.

See <https://www.google.com/fusiontables/DataSource?snapid=S801505BKJP> for an interactive version of this map.



Table 5.1: Provincial Totals, Percentages, and Major Issues

Name of Province	% of Population	GDP in Billions of IDR	Total Registered NGOs	Total NGOs in Database	% of Registered NGOs	% of NGOs in Database	Major Issues
Bali	1,64%	66.691	248	50	2,16%	1,22%	NGOs work on HIV AIDS; <i>Aliansi LSM Bali</i> declaration; job vacancies.
Bangka Belitung	0,51%	26.565	53	0	0,46%	0,00%	NGOs work on HIV AIDS and gender/women's empowerment. LSM P2H2P was reported several times in bangka.tribunnews.com related to their social aid distribution and their agreement with the provincial Ministry of Law and Human Rights to supervise the civil service exam. Another news story reported on the government's announcement that many local NGOs (<i>LSM</i> or <i>Ormas</i>) had not registered yet.
Banten	4,48%	171.690	80	31	0,70%	0,76%	News from hukumonline.com that ICW, ALIPP, MATA reported corruption in provincial social grants. Other pages mention <i>Forum Komunikasi LSM Banten</i> (Banten LSM Discussion Forum). Kesbangpol will start regulating NGOs. NGOs vacancies. etc

Data on total registered NGOs refers to data presented in PPATK, 2010. GDP data is from BPS, 2010 and the population percentages were calculated from the same. Data on total NGOs reflects the Review database as of 15 October 2012. Major issues notes are based on Google.com searches on 20 August 2012.



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Bivariate regression and correlation analyses show that there is a strong positive linear relationship between the number of NGOs per province from the database and the number of NGOs per province from the government.

Name of Province	% of Population	GDP in Billions of IDR	Total Registered NGOs	Total NGOs in Database	% of Registered NGOs	% of NGOs in Database	Major Issues Emerging (Google.com Search, 20 August 2012)
Bengkulu	0,72%	18.650	102	45	0,89%	1,10%	Job vacancies. <i>Aliansi LSM Bengkulu</i> (Bengkulu LSM Alliance). Issues = HIV AIDS, corruption. Several hits about <i>LSM Pelangi</i> . <i>Radarbengkulu.com</i> reported that there are some NGOs that are not registered but get government grants and gave details on budget amounts of these grants.
Daerah Istimewa Yogyakarta	1,45%	45.626	206	183	1,80%	4,48%	Forum LSM Yogyakarta, HIV AIDS, job vacancies
DKI Jakarta	4,04%	862.090	2551	733	22,24%	17,93%	UN Volunteers, NGO jobs, awards for activist NGOs, NGOs action to supervise <i>Pilkada</i> Jakarta, NGO Summit whose projects related to HIV AIDS. List of LSM & <i>Lembaga non profit</i> . Jakarta declaration.
Gorontalo	0,44%	8.057	71	6	0,62%	0,15%	It showed NGO list in Gorontalo, a specific NGO who did several demonstration and against corruption case. Job vacancies



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Jambi	1,30%	53.817	214	37	1,87%	0,91%	NGOs work in HIV AIDS, Corruption cases, and community services. News in Tribun News Jambi from Jakarta about RUU Ormas and the national Kesbangpol denunciation of the INGO Greenpeace.
Jawa Barat	18,11%	771.594	542	520	4,73%	12,72%	HIV AIDS, NGO that provide scholarship. Profile of ormas and NGOs in Jabar, vacancies, political party and NGO worked together against a rise of gas prices.
Jawa Tengah	13,63%	444.692	830	274	7,24%	6,70%	HIV AIDS, job vacancies, forum komunikasi (communication forum) of NGOs in Central Java
Name of Province	% of Population	GDP in Billions of IDR	Total Registered NGOs	Total NGOs in Database	% of Registered NGOs	% of NGOs in Database	Major Issues Emerging (Google.com Search, 20 August 2012)
Jawa Timur	15,78%	778.566	1098	232	9,57%	5,68%	Data of registered NGOs, Ormas and foundation from Kesbangpol East Java; jobs vacancies; NGOs action against corruption.
Kalimantan Barat	1,85%	60.502	293	255	2,55%	6,24%	LSM data the national development planning board; job vacancies; NGOs with works on Environmental issues (REDD), HIV AIDS, corruption.



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Kalimantan Selatan	1,53%	59.821	157	35	1,37%	0,86%	Mention of a few specific NGOs (environmental and HIV/AIDS focused); calls for a meeting of LSM/student organisations to come together to form KOALISI LINTAS LSM KALIMANTAN SELATAN; mention of a specific effort for local/international NGOs to protest a new paper mill. 3 of the address listed are from mediapublikonline.blogspot.com (related to the <i>koalisi lintas</i> LSM)
Kalimantan Tengah	0,93%	42.621	407	38	3,55%	0,93%	Environmental issues (REDD), HIV AIDS, job vacancies
Kalimantan Timur	1,49%	321.905	30	40	0,26%	0,98%	HIV AIDS issues, vacancies, nature conservation
Kepulauan Riau	0,71%	71.615	36	8	0,31%	0,20%	NGO named LSM ALIM came up several times (focus on Water, Environmental, Humanity), NGOs in Anti Trafficking, HIV AIDS.
Lampung	3,20%	103.379	746	47	6,51%	1,15%	NGOs which focus on Corruption, HIV AIDS. and a report from lampung.tribunnews.com on how Ormas, NGOs, students alliance worked together to arrest an anarchist



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Name of Province	% of Population	GDP in Billions of IDR	Total Registered NGOs	Total NGOs in Database	% of Registered NGOs	% of NGOs in Database	Major Issues Emerging (Google.com Search, 20 August 2012)
Maluku	0,64%	8.085	109	36	0,95%	0,88%	Mentioned foreign NGOs that provided training for government officers in Maluku. NGOs vacancies, HIV AIDS projects,
Maluku Utara	0,44%	5.390	47	30	0,41%	0,73%	HIV AIDS, demonstration by NGOs, job vacancie.
Nanggroe Aceh Darussalam	1,89%	77.984	783	170	6,83%	4,16%	The first hits are about Forum LSM Aceh, also a mention of an audit for the forum. Also mention the <i>Koalisi LSM HAM</i> (Human Rights coalition). There was one specific LSM focused on water and sanitation. Also a couple blogs or list serves for/about LSM. Jobs vacancies.
Nusa Tenggara Barat	1,89%	49.560	215	181	1,87%	4,43%	LSM HIV AIDS, also NGOs that work for migrants. Antaramataram.com reports that local government is suspicious of several LSM who haven't submitted their activities report.
Nusa Tenggara Timur	1,97%	27.739	250	208	2,18%	5,09%	Anti-poverty, HIV/AIDS focused NGOs and INGOs Many jobs vacancies from INGOs and NGOs.
Papua	1,20%	87.777	252	118	2,20%	2,89%	FOKER Papua (prominent network), HIV AIDS, jobs vacancies



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Papua Barat	0,32%	26.880	61	31	0,53%	0,76%	Jaringan Advokasi LSM Papua Barat (advocacy network), news of NGOs' work in HIV AIDS, human rights issues, FOKER (forum)
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Name of Province	% of Population	GDP in Billions of IDR	Total Registered NGOs	Total NGOs in Database	% of Registered NGOs	% of NGOs in Database	Major Issues Emerging (Google.com Search, 20 August 2012)
Riau	2,33%	345.661	139	66	1,21%	1,61%	NGO coalition, vacancies, government asked NGOs to registered, several news of one NGO called LSM PENJARA (<i>Pemantau Kinerja Aparatur Negara</i> or Monitor of State Apparatus Cooperation),
Sulawesi Barat	0,49%	10.987	85	14	0,74%	0,34%	News from Makassar.antaranews.com about unregistered organisations getting government grants (the report says over 200 did so). Jobs vacancies, HIV AIDS
Sulawesi Selatan	3,38%	117.862	453	184	3,95%	4,50%	Jobs vacancies, Asosiasi LSM Ornop Sulsel (AILO), HIV AIDS
Sulawesi Tengah	1,11%	37.319	146	52	1,27%	1,27%	it showed several news about REDD projects in Sulteng, HIV AIDS
Sulawesi Tenggara	0,94%	28.369	338	119	2,95%	2,91%	HIV AIDS, vacancies. Several hits about Aliansi Perempuan (ALPEN Sultra; women's alliance).
Sulawesi Utara	0,95%	36.912	123	50	1,07%	1,22%	NGOs work in HIV AIDS, environmental issues, job vacancies. Manado.radiosmartfm.com reports that the Foreign Ministry had asked the provincial government to look out for foreigners and foreign NGOs in the



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							province
Sumatera Barat	2,04%	87.221	456	61	3,98%	1,49%	Job vacancies, Projects for reconstruction and rehabilitation after Padang earthquake, HIV AIDS, Civil Society Strengthening, community capacity building, news about LSM by local newspaper,



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Name of Province	% of Population	GDP in Billions of IDR	Total Registered NGOs	Total NGOs in Database	% of Registered NGOs	% of NGOs in Database	Major Issues Emerging (Google.com Search, 20 August 2012)
Sumatera Selatan	3,13%	157.535	41	43	0,36%	1,05%	Antarasumsel.com reported that 17 billion IDR will be allocated for NGOs in Jambi up by 13billion from 2011.
Sumatera Utara	5,47%	275.700	306	190	2,67%	4,65%	HIV/ IADS, WASH projects, job vacancies, NGO which deal with corruption cases.
	100,00%		11468	4087	100,00%	100,00%	



Table 5.2: Kabupaten Totals

Data on total NGOs appearing the Review database as of 15 October 2012.

The totals listed for each district below are not necessarily an accurate depiction of the number of NGOs in any given district. (Based on statistical analysis for the Review they do likely reflect that district's proportion of NGOs compared to other areas.) While the database compiled for this phase of the NGO Sector Review contains data on 4190 unique organizations, making it the largest known such database, it did not arise from a systematic census or sampling methodology. Rather, the database contains data compiled from the NGO mailing lists of STATT, the Indonesian research NGO SMERU, and the Indonesian financial management training NGO Penabulu; data from the Offices of Integration of Nation and Politics (Kesbangpol) in the City of Tasikmalaya and the District of Ketapang, the Social Department of the Province of West Kalimantan; and donor programs namely USAID's compilation of past local partners, the AusAID MAMPU and ACCESS programs and the World Bank's PNPM Peduli program. Data does not exist elsewhere on Indonesian NGOs in a format useful for comparative analysis at the district level.

ISLAND OF SUMATRA					
NANGGROE ACEH DARUSSALAM				Total	170
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Aceh Selatan	4	Kab. Bireuen	2	Kab. Simeulue	2
Kab. Nagan Raya	0	Kab. Aceh Utara	11	Kab. Aceh Tenggara	4
Kab. Aceh Jaya	0	Kota Langsa	5	Kab. Aceh Barat	4
Kab. Pidie Jaya	0	Kota Sabang	2	Kab. Aceh Tengah	0
Kab. Aceh Besar	8	Kab. Aceh Singkil	0	Kota Lhokseumawe	15
Kab. Aceh Barat Daya	1	Kab. Bener Meriah	0	Kab. Aceh Tamiang	2
Kota Banda Aceh	88	Kab. Aceh Timur	1	Kota Subulussalam	1
Kab. Pidie	3	Kab. Gayo Lues	3	District Unknown	14



NGO Sector Review:
Phase I Findings

NORTH SUMATRA					Total
					190
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Deli Serdang	10	Kab. Nias Utara	0	Kota Binjai	0
Kab. Serdang Bedagai	2	Kab. Nias Selatan	0	Kota Padang Sidempuan	1
Kab. Padang Lawas	0	Kota Gunung Sitoli	16	Kab. Tapanuli Selatan	5
Kab. Humbang Hasundutan	0	Kab. Labuhanbatu Selatan	0	Kab. Pakpak Bharat	0
Kab. Langkat	1	Kota Pematang Siantar	13	Kab. Tanah Karo	0
Kab. Mandailing Natal	2	Kab. Labuhan Batu	1	Kab. Dairi	2
Kota Tanjung Balai	0	Kab. Simalungun	1	Kab. Tapanuli Utara	2
Kab. Padang Lawas Utara	0	Kab. Labuhanbatu Utara	0	Kab. Toba Samosir	1
Kota Tebing Tinggi	0	Kab. Batu Bara	0	Kab. Asahan	2
Kab. Nias Barat	0	Kota Medan	113	District Unknown	18
Kab. Samosir	0	Kab. Nias	0		
Kota Sibolga	0	Kab. Tapanuli Tengah	0		



NGO Sector Review:
Phase I Findings

WEST SUMATRA					Total	61
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kota Padang	52	Kota Padang Panjang	0	Kab. Pesisir Selatan	0	
Kab. Dharmasraya	0	Kab. Solok Selatan	0	Kota Sawahlunto	1	
Kota Solok	0	Kab. Padang Pariaman	0	Kab. Sijunjung	0	
Kab. Kepulauan Mentawai	0	Kab. Agam	2	Kota Bukit Tinggi	4	
Kab. Solok	0	Kab. Pasaman	0	Kab. Pasaman Barat	1	
Kab. Limapuluh Kota	0	Kab. Tanah Datar	0	District Unknown	0	
Kota Payakumbuh	0	Kota Pariaman	1			
RIAU					Total	66
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Indragiri Hulu	0	Kab. Kuantan Singingi	0	Kab. Kampar	0	
Kab. Siak	0	Kab. Rokan Hilir	0	Kab. Bengkalis	0	
Kota Dumai	3	Kab. Indragiri Hilir	1	District Unknown	4	
Kab. Meranti	0	Kab. Pelalawan	0			
Kota Pekanbaru	58	Kab. Rokan Hulu	0			



NGO Sector Review:
Phase I Findings

JAMBI					Total	37
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Tanjung Jabung Timur	0	Kota Jambi	28	Kab. Bungo	0	
Kab. Muaro Jambi	1	Kab. Merangin	1	Kab. Tebo	0	
Kab. Batanghari	0	Kab. Sarolangun	0	Kab. Tanjung Jabung Barat	0	
Kota Sungai Penuh	1	Kab. Kerinci	3	District Unknown	3	
SOUTH SUMATRA					Total	43
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Empat Lawang	0	Kota Prabumulih	0	Kab. Musi Rawas	0	
Kab. OKU Selatan	0	Kab. Ogan Komering Ulu	1	Kab. Musi Banyuasin	0	
Kota Palembang	29	Kab. Banyuasin	0	Kab. Lahat	1	
Kab. OKU Timur	0	Kab. Ogan Komering Ilir	5	District Unknown	2	
Kota Pagar Alam	0	Kota Lubuk Linggau	4			



NGO Sector Review:
Phase I Findings

Kab. Muara Enim	0	Kab. Ogan Ilir	1		
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BENGKULU					Total	45
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Bengkulu Utara	1	Kab. Seluma	0	Kab. Bengkulu Selatan	0	
Kab. Kepahiang	0	Kota Bengkulu	38	Kab. Bengkulu Tengah	0	
Kab. Mukomuko	2	Kab. Rejang Lebong	1	District Unknown	3	
Kab. Lebong	0	Kab. Kaur	0			
LAMPUNG					Total	47
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Lampung Tengah	4	Kota Bandar Lampung	32	Kab. Lampung Barat	0	
Kab. Pesawaran	0	Kab. Pringsewu	0	Kab. Lampung Selatan	1	
Kota Metro	7	Kab. Mesuji	0	Kab. Lampung Utara	0	



NGO Sector Review:
Phase I Findings

Kab. Tulang Bawang Barat	0	Kab. Lampung Timur	0	Kab. Tulang Bawang	0
Kab. Way Kanan	0	Kab. Tanggamus	3	District Unknown	0

KEPULAUAN BANGKA BELITUNG					Total	0
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Bangka	0	Kota Pangkal Pinang	0	Kab. Belitung	0	
Kab. Belitung Timur	0	Kab. Bangka Selatan	0	District Unknown	0	
Kab. Bangka Tengah	0	Kab. Bangka Barat	0			
KEPULAUAN RIAU					Total	8
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Bintan	0	Kota Batam	6	Kota Tanjung Pinang	2	
Kab. Lingga	0	Kab. Natuna	0	District Unknown	0	
Kab. Kepulauan Anambas	0	Kab. Karimun	0			



NGO Sector Review:
Phase I Findings



ISLAND OF JAVA					
DKI JAKARTA				Total	733
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kota Jakarta Timur	128	Kota Jakarta Utara	16	District Unknown	12
Kota Jakarta Pusat	151	Kab. Kepulauan Seribu	0		
Kota Jakarta Selatan	392	Kota Jakarta Barat	34		
WEST JAVA				Total	520
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Majalengka	2	Kab. Bandung	0	Kota Tasikmalaya	162
Kota Bandung	165	Kota Depok	24	Kab. Karawang	0
Kab. Ciamis	4	Kab. Sumedang	3	Kab. Purwakarta	0
Kota Bogor	0	Kota Bekasi	20	Kota Cirebon	5
Kab. Cianjur	4	Kota Sukabumi	0	Kab. Bekasi	0
Kota Banjar	0	Kab. Garut	13	Kab. Tasikmalaya	0
Kab. Sukabumi	11	Kota Cimahi	4	Kab. Bogor	90
Kab. Kuningan	4	Kab. Bandung Barat	0	Kab. Indramayu	6
Kab. Cirebon	0	Kab. Subang	3	District Unknown	0



NGO Sector Review:
Phase I Findings

CENTRAL JAVA					Total	274
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Sukoharjo	7	Kab. Demak	4	Kab. Kudus	2	
Kab. Blora	4	Kab. Rembang	1	Kab. Pemalang	2	
Kota Pekalongan	4	Kota Semarang	0	Kota Tegal	1	
Kab. Klaten	13	Kab. Wonogiri	4	Kab. Banyumas	10	
Kab. Semarang	46	Kab. Cilacap	2	Kab. Banjarnegara	4	
Kab. Magelang	0	Kab. Tegal	0	Kab. Kebumen	8	
Kab. Purbalingga	4	Kab. Pekalongan	0	Kab. Purworejo	1	
Kab. Brebes	3	Kota Magelang	10	Kab. Pati	9	
Kab. Sragen	2	Kab. Wonosobo	4	Kab. Karanganyar	6	
Kota Surakarta	46	Kab. Batang	1	Kab. Grobogan	3	
Kota Salatiga	32	Kab. Jepara	5	Kab. Kendal	10	
Kab. Temanggung	6	Kab. Boyolali	14	District Unknown	6	



NGO Sector Review:
Phase I Findings

YOGYAKARTA					Total	183
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Gunung Kidul	0	Kab. Bantul	14	Kota Yogyakarta	129	
Kab. Sleman	38	Kab. Kulon Progo	1	District Unknown	1	
EAST JAVA					Total	232
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kota Batu	0	Kab. Tulungagung	5	Kab. Madiun	0	
Kota Pasuruan	10	Kab. Tuban	3	Kab. Sumenep	0	
Kab. Pacitan	1	Kab. Trenggalek	2	Kab. Sidoarjo	5	
Kab. Magetan	3	Kab. Malang	0	Kab. Situbondo	3	
Kota Mojokerto	3	Kab. Pamekasan	2	Kab. Bondowoso	1	
Kota Malang	39	Kab. Blitar	0	Kab. Probolinggo	0	
Kota Madiun	10	Kab. Bangkalan	2	Kab. Jombang	12	
Kota Kediri	10	Kab. Lamongan	5	Kab. Ponorogo	8	
Kab. Lumajang	6	Kab. Nganjuk	4	Kab. Pasuruan	0	
Kota Blitar	4	Kab. Mojokerto	0	Kab. Kediri	0	
Kab. Bojonegoro	6	Kab. Sampang	1	Kota Surabaya	64	
Kota Probolinggo	2	Kab. Ngawi	4	Kab. Gresik	2	
Kab. Banyuwangi	5	Kab. Jember	9	District Unknown	1	



NGO Sector Review:
Phase I Findings

BANTEN					Total	31
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Pandeglang	1	Kab. Tangerang	0	Kab. Lebak	0	
Kota Serang	3	Kota Tangerang Selatan	2	Kota Cilegon	0	
Kab. Serang	0	Kota Tangerang	24	District Unknown	1	
ISLAND OF BALI & NUSA TENGGARA						
BALI					Total	50
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Buleleng	1	Kab. Karangasem	2	Kab. Bangli	1	
Kab. Badung	7	Kab. Klungkung	0	District Unknown	4	
Kab. Gianyar	4	Kota Denpasar	30			
Kab. Tabanan	0	Kab. Jembrana	1			



NGO Sector Review:
Phase I Findings

NUSA TENGGARA BARAT					Total	181
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Lombok Barat	13	Kota Bima	26	Kab. Lombok Utara	1	
Kab. Bima	0	Kab. Dompu	18	Kab. Sumbawa Barat	2	
Kab. Sumbawa	30	Kab. Lombok Tengah	8	District Unknown	8	
Kota Mataram	52	Kab. Lombok Timur	23			
NUSA TENGGARA TIMUR					Total	208
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Manggarai Barat	0	Kab. Rote Ndao	1	Kab. Alor	3	
Kab. Sumba Timur	17	Kab. Flores Timur	15	Kab. Sumba Barat	11	
Kab. Ngada	1	Kab. Sikka	20	Kota Kupang	75	
Kab. Nagekeo	0	Kab. Manggarai	1	Kab. Sumba Tengah	1	
Kab. Timor Tengah Selatan	22	Kab. Kupang	0	Kab. Lembata	1	
Kab. Sabu Raijua	0	Kab. Manggarai Timur	0	District Unknown	12	
Kab. Sumba Barat Daya	1	Kab. Ende	7			
Kab. Timor Tengah Utara	7	Kab. Belu	13			



ISLAND OF KALIMANTAN					
WEST KALIMANTAN				Total	255
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Landak	1	Kota Pontianak	58	Kab. Pontianak	0
Kab. Melawi	1	Kab. Ketapang	183	Kab. Sambas	1
Kab. Kapuas Hulu	0	Kab. Kubu Raya	0	Kab. Sintang	6
Kota Singkawang	1	Kab. Sekadau	0	Kab. Bengkayang	0
Kab. Sanggau	3	Kab. Kayong Utara	0	District Unknown	1
CENTRAL KALIMANTAN				Total	38
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Murung Raya	0	Kab. Lamandau	0	Kab. Pulang Pisau	0
Kab. Seruyan	0	Kota Palangkaraya	28	Kab. Kapuas	0
Kab. Kotawaringin Barat	0	Kab. Barito Utara	1	Kab. Katingan	1
Kab. Gunung Mas	0	Kab. Barito Timur	0	Kab. Sukamara	0
Kab. Kotawaringin Timur	1	Kab. Barito Selatan	2	District Unknown	5



NGO Sector Review:
Phase I Findings

SOUTH KALIMANTAN				Total	35
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Hulu Sungai Utara	0	Kab. Kotabaru	1	Kota Banjarbaru	4
Kota Banjarmasin	19	Kab. Banjar	0	Kab. Hulu Sungai Tengah	0
Kab. Tapin	0	Kab. Barito Kuala	0	Kab. Hulu Sungai Selatan	0
Kab. Balangan	0	Kab. Tanah Laut	0	District Unknown	8
Kab. Tabalong	3	Kab. Tanah Bumbu	0		
EAST KALIMANTAN				Total	40
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Nunukan	1	Kab. Penajam Paser Utara	0	Kab. Paser	1
Kota Samarinda	26	Kota Bontang	1	Kab. Berau	1
Kab. Bulungan	0	Kab. Kutai Timur	0	Kota Balikpapan	7
Kab. Tana Tidung	0	Kab. Malinau	0	Kab. Kutai Kartanegara	0
Kab. Kutai Barat	1	Kota Tarakan	0	District Unknown	2



NGO Sector Review:
Phase I Findings

ISLAND OF SULAWESI					
NORTH SULAWESI					Total 50
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Minahasa Utara	0	Kab. Bolaang Mongondow Timur	0	Kab. Bolaang Mongondow Utara	0
Kota Bitung	2	Kab. Minahasa Tenggara	0	Kab. Bolaang Mongondow Selatan	0
Kab. Sangihe	0	Kab. Minahasa Selatan	0	Kab. Kepulauan Sitaro	0
Kab. Kepulauan Talaud	0	Kab. Minahasa	2	District Unknown	1
Kab. Bolaang Mongondow	0	Kota Manado	36		
Kota Kotamubagu	1	Kota Tomohon	8		
CENTRAL SULAWESI					Total 52
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Morowali	0	Kab. Banggai Kepulauan	0	Kota Palu	44
Kab. Tojo Una Una	0	Kab. Poso	3	Kab. Banggai	0
Kab. Donggala	2	Kab. Buol	0	Kab. Sigi	0
Kab. Tolitoli	1	Kab. Parigi Moutong	1	District Unknown	1



NGO Sector Review:
Phase I Findings

SOUTH SULAWESI					Total	184
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Luwu Utara	0	Kab. Gowa	9	Kab. Takalar	5	
Kab. Luwu	1	Kota Palopo	2	Kab. Pangkajene Kepulauan	0	
Kab. Kepulauan Selayar	1	Kab. Jeneponto	4	Kab. Maros	4	
Kab. Luwu Timur	0	Kab. Sidenreng Rappang	0	Kota Makassar	127	
Kab. Pinrang	0	Kab. Tana Toraja	8	Kab. Bantaeng	4	
Kab. Bone	3	Kota Pare-Pare	1	Kab. Soppeng	0	
Kab. Barru	0	Kab. Enrekang	0	District Unknown	9	
Kab. Wajo	0	Kab. Bulukumba	4			
Kab. Toraja Utara	0	Kab. Sinjai	2			



NGO Sector Review:
Phase I Findings

SOUTHEAST SULAWESI					Total	119
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Konawe Utara	0	Kab. Kolaka Utara	0	Kab. Kolaka	3	
Kab. Konawe	0	Kab. Konawe Selatan	1	Kab. Buton Utara	1	
Kab. Wakatobi	1	Kab. Buton	12	District Unknown	3	
Kota Bau-Bau	22	Kab. Bombana	0			
Kota Kendari	72	Kab. Muna	4			
GORONTALO					Total	6
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kota Gorontalo	4	Kab. Pohuwato	1	District Unknown	1	
Kab. Boalemo	0	Kab. Bone Bolango	0			
Kab. Gorontalo Utara	0	Kab. Gorontalo	0			
WEST SULAWESI					Total	14
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	
Kab. Mamuju	1	Kab. Mamasa	1	Kab. Mamuju Utara	0	



NGO Sector Review:
Phase I Findings

Kab. Polewali Mandar	9	Kab. Majene	3	District Unknown	0
ISLAND OF MALUKU					
MALUKU					Total 36
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Kepulauan Aru	1	Kab. Maluku Tengah	1	Kab. Maluku Tenggara	2
Kota Tual	7	Kab. Maluku Tenggara Barat	0	Kab. Seram Bagian Barat	0
Kab. Maluku Barat Daya	0	Kab. Seram Bagian Timur	0	Kab. Buru	0
Kab. Buru Selatan	0	Kota Ambon	21	District Unknown	4
NORTH MALUKU					Total 30
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Halmahera Barat	0	Kab. Halmahera Selatan	1	Kab. Kepulauan Sula	2
Kab. Halmahera Tengah	0	Kota Ternate	24	District Unknown	1
Kab. Halmahera Timur	0	Kab. Halmahera Utara	0		
Kota Tidore Kepulauan	2	Kab. Pulau Morotai	0		



NGO Sector Review:
Phase I Findings

ISLAND OF PAPUA					
PAPUA				Total	118
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Pegunungan Bintang	0	Kab. Paniai	0	Kab. Lanny Jaya	0
Kab. Puncak	0	Kota Jayapura	65	Kab. Merauke	12
Kab. Yahukimo	0	Kab. Kepulauan Yapen	3	Kab. Mimika	9
Kab. Nabire	5	Kab. Jayapura	0	Kab. Mamberamo Raya	0
Kab. Puncak Jaya	0	Kab. Sarmi	0	Kab. Mappi	0
Kab. Intan Jaya	0	Kab. Biak Numfor	11	Kab. Mamberamo Tengah	0
Kab. Tolikara	0	Kab. Dogiyai	0	Kab. Asmat	0
Kab. Jayawijaya	12	Kab. Supiori	0	Kab. Waropen	1
Kab. Deiyai	0	Kab. Boven Digoel	0	Kab. Nduga	0
Kab. Keerom	0	Kab. Yalimo	0	District Unknown	0



NGO Sector Review:
Phase I Findings

WEST PAPUA				Total	31
Name of District	Total Number of NGOs	Name of District	Total Number of NGOs	Name of District	Total Number of NGOs
Kab. Kaimana	0	Kab. Fak Fak	6	Kab. Sorong Selatan	0
Kab. Teluk Bintuni	0	Kab. Manokwari	13	Kab. Teluk Wondama	0
Kota Sorong	2	Kab. Maybrat	0	Kab. Tambrauw	0
Kab. Raja Ampat	0	Kab. Sorong	10	District Unknown	0



ANNEX 6: REGISTRATION, REGULATIONS AND OVERSIGHT

All NGOs are governed by the following laws and regulations:

Law Number 8 of 1985 about Mass Organisation; the Government Regulation Number 18 of 1986 about the Implementation of Law Number 8/1985. (UU Ormas). The Law Number 8 Year 1985 constituted in the New Order era. The legislation was intended to regulate all kind of mass organisations in the country and put them under the government strict monitoring and control. It focuses on institution and its legal aspect (Nainggolan and Simangunsong, 2012:13). The New Order government has several times used it to liquidate critical organisation.

Law Number 14 of 2008, Article 16 Letter D, about Public Information Transparency. This law regulates public information transparency. "Nongovernmental organisations" have to make the following information public : (a) principle and objective; (b) program and activity; (c) name, address, management structure, and their changes; (d) the management and use of fund from the state and/or local budget, people donation, and/or foreign sources; (e) organisational decision making mechanism; (f) organisational decisions; (g) other information as required by another law. The regulation does not specify the form or time period for such disclosure. (Sources: Antlov, Brinkerhoff, and Rapp, 2010; Nainggolan & Simangunsong, 2012)

Law Number 11/2009 about Social Welfare (amandement of Law 6/1974 about Principle Rules of Social Welfare); Government Regulation Number 39 of 2012 about Management of Social Welfare. The Law regulates aspects of social welfare activity. It stated that the activities to improve social welfare could be held by any individual and institution, of which LSM is one example, along with "social welfare organisation" and "religious organisation" (Article 38 Paragraph 2 Letter E). There can be many types of fund sources for the social welfare activities (Article 36). NGO that involved in social welfare activity is required to register to related ministry or agency according to its region authority (Article 46 Paragraph 1). Violation to this provision may causes written warning to revocation of license. National government as well as local government would record organisations that involved in social welfare activity (Article 47). In Article 51, there is a clause about accreditation for organisations involved in social welfare. However, there is no further explanation on how it would be done or sanction for violation. (Source: PPATK, 2010).

The Minister of Home Affairs Regulation Number 33 of 2012 about Mass Organisation Registration requires mass organisations (*Organisasi kemasyarakatan/Orkemas*) to register themself to the Ministry of Home Affairs and related local government, except for organisation that regulated under law. (Article 2 Point 1 and 2). This obligation applies to *Orkemas* in the national, province, as well as district/city level (Article 3). There are 22 documents that an *Orkemas* have to provide to register. Of particular interests are notary act, curriculum vitae of board members, organisational tax code, picture of its office or secretariat, six statement letters concerning various issues, and recommendation from related ministries or agencies (Article 9). The government can reject registration application due to at least 9 reasons, e.g. included in the category of banned organisations, have principles that contrary to the nation ideology Pancasila, affiliate with political party and its derivatives, using a local or foreign name for the *Orkemas*



and has no Indonesian name (Article 10). Successful applicant would receive formal registered letter (*surat keterangan terdaftar/SKT*) that applicable for 5 years (Article 20). The minister, governor, and regent/mayor can freeze the letter. There are 20 reasons that can be used as a base to do this (Article 25). Article 35 of the Regulation mentions that the government would develop Orkemas database manually as well as computerizely. (Article 35). There is no article mentions on sanction for organisations that do not register.

NGOs that register as *yayasan* (foundations) or *perkumpulan* (associations) are also governed by other laws and regulations relevant to their legal status:

Law Number 16 Year 2001 about Foundation; Law Number 28 Year 2004 about Foundation (amendment of Law Number 16/2001); the Government Regulation Number 63 Year 2008 about the Implementation of the Law about Foundation. *Yayasan* (1) have to disclose their financial statement regularly guided by the newest accounting standard* (Article 52, Law 16/2001 and Law 28/2004); (2) There should be a separation of the foundation wealth/asset and its founder. Foundation should not share its activity result to management, trustee, and founder (elder member) (Article 1 & 3, Law 16/2001 and Law 28/2004); (3) Foundation can invest in various forms of businesses, but the maximum equity provision is 25% of the total value of its wealth (Article 7, Law 16/2001 and Law 28/2004); (4) Change of activity specified in the charter needs approval from two-thirds of *Pembina* (founder, senior elder) and also approval from the Minister of Law and Human Rights (personal communication, G. Churchill, 5 Oct. 2012)

**PSAK 45 (Accounting Code).* PSAK 45 and its revised versions provide technical guidelines on financial reporting of non-profit organisations (Nainggolan and Simangunsong, 2012:16). If NGO follows the rules of reporting as stated in PSAK 45, its financial reporting should be easier to understand, more relevant, and more comparable (Martani, 2011:6).

KUHPerdata, Book III Chapter IX Article 1653 to 1665, *Staatsblad* 1870-64 about Legal Position of Association (*Rechtspersoonlijkheid van Vereenigingen*), and *Staatsblad* 1939-570 jo 717 about Indonesian Association (*Inlandsche Vereeniging*). These regulations are the legacy of Colonial rule. They regulate the establishment and legal aspect of association (*perkumpulan*) that are not profit oriented. These regulations are still valid until now because there has been no replacement regulation yet. The draft of Law about Association still being discussed between the government and the parliament. Budiono et al (2011) says the main weakness of these colonial regulations is the absent of firm and clear definition about association and many other related terms, thus causes bias interpretation. There is also no clear distinction concerning whether an association is association of people or money. The translation of the regulation from the Dutch language to Indonesian has not been declared formally, so it has no legal certainty. The colonial government at that time divided the association established by European and Foreign East people, and ones that developed by Indigenous people. The KUHPerdata Book III Chapter IX Article 1653 to 1665 and the *Staatsblad* 1870-64 were meant to regulate about European and Foreign East people association, while the *Staatsblad* 1939-570 jo 717 was implemented for indigenous association. (Budiono et al, 2011:7) The law does not mention anything about financial aspects (Nainggolan and Simangunsong, 2012:13).

Organisations do not register in high numbers. In some cases according to informants, leaders of an organisation make a conscious choice to reject a government role in governing the organisation's affairs. In some cases, the leaders may not know or understand the full



registration system, and register with a notary public without following through to register formally with government. The number of steps required involving at least 3 different agencies in addition to the NGO registering may explain in part some organisation's hesitation or confusion. Graphic 4 demonstrates the registration process for a typical district-level NGO put together by the Review based on field work in Tasikmalaya, West Java, Ketapang, and TTS. Registrating at the national level includes additional steps, money and time.

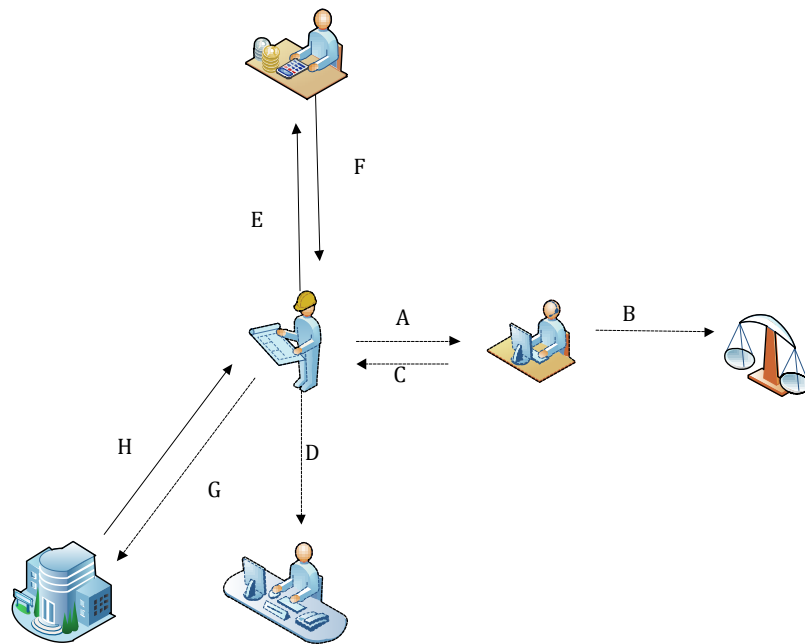
Those that register mostly register as yayasan, although the data is somewhat unclear as "official" government lists reflects LSM, a registration status that does not exist under the law. The best data available to the Review about the type of organisation that NGOs register as comes from crosschecking the district's Kesbangpol data of 189 organisations with responses of 10 organisations the Review surveyed. In Ketapang 40% of organisations that are registered have done so as yayasan, 18-20% as perkumpulan and the remainder as LSM or ormas more generally. The totals from the survey respondents in TTS are not much different; there, 54% reported that they registered as yayasan, 15% as perkumpulan, and 31% as LSM.

There is little incentive to register. There is little known enforcement from the government. 23% of the organisations in an official City of Tasikmalaya list and 65% in an official District of Ketapang list had informed the Unity Body of the Nation, Political and Public Protection (Kesbangpol) of their presence without formally registering. Moreover, donors, while usually performing thorough due diligence before giving NGOs money, mostly do not inquire about legal status according to AusAID and USAID sources. Although access to government grants is reason NGOs give for why they register, relationships with government officials overrode lack of legal status in at least one field site visited by the Review.¹¹⁴

¹¹⁴ PT's conducting CSR may be an exception of a donor that puts a priority on checking registration status according to the experience of the Lontar Foundation, which has much higher than usual proportions of its funding from such sources (personal communication, J. McGlynn, 16 Oct 2012)



Graphic 6.1: Registration Process



Organisation Registration Scheme at District Level

- A Organisation goes to Notary Public to apply for “Notarial Act” (*Akta Notaris*) as a Yayasan, Perkumpulan or LSM, by paying a fee. (The fee in the City of Tasikmalaya is 500,000 IDR according to a notary public there. It may be higher or lower in other places.)
- B Notary Public (or a representative of the organisation that is registering) takes the Notarial Act to be registered in District Court. They may pay a small fee. (In TTS, the fee was 5,000 IDR.)
- C The Notary Public gives the registered Notarial Act to the organisation.
- D The organisation may also register themselves with certain Government Institutions related to their Organisations’ issue areas.
- E The organisation applies for a Taxpayer Identification Number (*NPWP*) at Tax Office. This should be free of charge.
- F The organisation receives the Taxpayer Identification Number (*NPWP*).
- G The organisation may apply for a Notification of Registration (*Surat Keterangan Terdaftar, SKT*) to the district Unity Body of the Nation, Political and Public Protection (*Kesbangpol or Kesbangpol linmas*) once the organisation has had *Akta Notaris* and *NPWP*. The fee according to officials in Tasikmalaya is 40,000 IDR but may be different elsewhere.
- H The Kesbangpol gives the organisation a *SKT*, while informing the provincial and national kesbangpol about the organisation.



ANNEX 7: LAWS AND REGULATIONS THAT AFFECT NGOS' FUNDING

Area of Opportunity	Related Laws and Regulations	Summary of Laws and Regulations	Potential Impact	Sources
Corporate social responsibility	Law Number 40 of 2007 about Limited Liability Company, particularly Chapter V Article 74; Government Regulation Number 47 of 2012 about Corporate Social and Environmental Responsibility of Limited Liability Companies	Company engaged in the business of natural resources or related to that, shall implement corporate social and environment responsibility.	The regulations mention that LSM may be a direct recipient of these funds that has to disburse them on to the community in form of goods or services. The regulation does not specify whether or not the LSM must be registered or any other criteria.	Nainggolan and Simangunsong, 2012:14
	Law Number 25 of 2007 about Investment, Article 15b	Investor shall implement corporate social responsibility.		
	Law Number 19 of 2003 about State Owned Enterprises, Article 88 (1); Minister Regulation Number PER/05/MBU/2007 about Partnership Program of State Owned Enterprises with Small Businesses and Community Development Program	State Owned Enterprise is required to provide maximum 2% of its profit after taxes for the development of small business/cooperative and community where it operates.		



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Area of Opportunity	Related Laws and Regulations	Summary of Laws and Regulations	Potential Impact	Sources
Trust fund	The Presidential Regulation Number 80 of 2011 about Trust Fund (<i>dana perwalian</i>)	The Presidential Regulation 80/2011 regulates administration of trust funds. The fund comes from grants receive by the state. The disbursement of trust fund to recipients, including NGOs, was conducted through the state budget mechanism (Article 19 Paragraph 1). NGO may access the trust fund from the state budget both as the trust fund manager (Article 11), as well as the activity implementing agency (Article 14). NGOs that receive trust fund have to submit quarterly report (Article 20). Activities funded by trust fund may receive tax and customs facilities if eligible (Article 22).		H. Antlov13 September 2012, personal communication
	n/a	Indonesia does not currently have a mechanism by which a nongovernmental or private sector institution can establish a trust fund or endowment fund.		
Cooperatives	Law Number 25 of 1992 about Cooperatives	The Law Number 25 of 1992 (AND GOVERNMENT REGULATION ABOUT SAVINGS AND LOANS COOPERATIVES) regulates aspects of cooperatives establishment and operation. This allows NGOs to establish cooperatives (particularly savings and loans) as its way of helping community to improve their income or welfare		Greg Churchill, in consultation on Oct 5, 2012



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Area of Opportunity	Related Laws and Regulations	Summary of Laws and Regulations	Potential Impact	Sources
<i>Zakat</i> management	Law Number 38 of 1999 about <i>Zakat</i> ; Minister of Religious Affairs Regulation Number 373 of 2003 about Implementation of the Law Number 38/1999	The Law 38/1999 and Minister of Religious Affairs Regulation 373/2003 regulate aspects of <i>zakat</i> management. <i>Zakat</i> is the giving of fixed portion of one's wealth to charity. It is obligatory for capable Muslims (individual and institution) according to Islamic law (Article 2). <i>Zakat</i> donation is managed by governmental agency (<i>badan amil zakat</i>) that exist to the <i>Kecamatan</i> level (Article 6 Paragraph 1). The Minister Regulation 373/2003 Article 1 Paragraph 2 enable people or institution to establish <i>zakat</i> collection agency (<i>lembaga amil zakat</i>) with permission from government. The government or private <i>zakat</i> collection agency must use the money according to Islamic principles (Article 8). <i>Zakat</i> is tax deductible if donated through the relevant government agency or the <i>zakat</i> collection agency (Article 14 Paragraph 3). The implementing regulations allow the <i>zakat</i> collection agencies to distribute the donation to people who need it and considered as eligible. If after distribute the money to the needy there are remaining funds, the agencies could disburse it to activity or business that considered productive. (They do not mention NGOs, LSM, NPOs specifically in any way.)		Perkumpulan Skala, 2010. Original source is the Document for Member of LAT-NPO Sector Review, Indonesian Financial Transaction Reports and Analysis Centre (<i>Pusat Pelaporan dan Analisis Transaksi Keuangan/PPATK</i>) 2009-2010



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Area of Opportunity	Related Laws and Regulations	Summary of Laws and Regulations	Potential Impact	Sources
<i>Wakaf</i>	Law Number 41 of 2004 about <i>Wakaf</i>	The Law regulates the aspects of <i>Wakaf</i> giving. <i>Wakaf</i> includes assets with economic value, such as property, money, gold, securities, or vehicles. <i>Wakaf</i> is only considered to be legal if implemented according to Islamic Law (Article 2). <i>Wakaf</i> grantors and recipients can be "individual, organisation, and legal entity" (Article 7, Article 9). The law specifies that organisations and legal entities that can legally receive <i>Wakaf</i> are those engaged in the social, education, community, and/or Islamic religious activities (Article 10 Paragraph 2 Letter B). It also specifies that the leadership (<i>pengurus</i>) of the organisation have to be practicing Muslim Indonesian. There is no tax or other benefit attached to <i>wakaf</i> giving under the regulation.		<i>Perkumpulan Skala</i> , 2010. Original source is the Document for Member of LAT-NPO Sector Review, Indonesian Financial Transaction Reports and Analysis Centre (Pusat Pelaporan dan Analisis Transaksi Keuangan/PPATK) 2009-2010

Area of Opportunity	Related Laws and Regulations	Summary of Laws and Regulations	Potential Impact	Sources
Public funding	Law Number 9 of 1961 about Collecting Money or Goods; Government Regulation Number 29 of 1980 about the Implementation of Donation/Fund Raising	The Law Number 9 of 1961 from Soekarno era and the Government Regulation Number 29 of 1980 regulate public donation or fund raising. Sectors identified as eligible for fund raising activity are social, education, health, sport, religious, culture, and other social welfare causes (Law 9/1961 Article 1 and Government Regulation 29/1980 Article 4). Fund raising activity needs permit from related officials, except for donation required by religious law, tradition law (<i>hukum adat</i>), or limited circle fund raising (Law 9/1961)		<i>Perkumpulan Skala</i> , 2010. Original source is the Document for Member of LAT-NPO Sector Review, Indonesian Financial Transaction Reports and Analysis Centre (Pusat Pelaporan dan Analisis Transaksi Keuangan/PPATK)



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				2009-2010
Area of Opportunity	Related Laws and Regulations	Summary of Laws and Regulations	Potential Impact	Sources
Tax deductible donations	Law Number 36 of 2008 (Article 6 Paragraph 1 Letter I to M, and Article 4 Paragraph 3 Letter A1 and A2) about Income Tax (the fourth amendment of Law 7/1983); Government Regulation Number 93 of 2010 about Donation for National Disaster Causes, Donation for Research and Development, Donation for Education Facility, Donation for Sport Development, and Social Infrastructure Development Cost that Can Be Deductible from Gross Income	Article 6 Paragraph 1 Letter I to M regulate tax deductible for donation given by taxpayers to the following items: disaster, research and development, social infrastructure development, education facility, and sport development. Article 4 Paragraph 3 Letter A1 and A2 regulate non-taxable income coming from donation or grant		Nainggolan and Simangunsong, 2012:14



NGO Sector Review:
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