Civil Society Organizations and Democratic Reform: Progress, Capacities, and Challenges in Indonesia

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A strong civil society is recognized as an important contributor to both launching and sustaining a transition from authoritarian to democratic governance. International donors seeking to support this transition have targeted civil society strengthening as key to realigning state-society relations in ways that expand citizen participation, increase representation and empowerment, and reinforce state responsiveness and accountability (Ottaway and Carothers 2000). Donor programs have sought to strengthen civil society through various combinations of capacity building for selected civil society organizations (CSOs), creating a conducive enabling environment (often through legal and regulatory reform), partnerships and coalition formation, and funding (Howell and Pearce 2000). This paper looks at civil society strengthening in Indonesia, drawing on selected experience from two programs funded by the US Agency for International Development.1 The analysis concentrates on issues of capacity and capacity development in a subset of civil society: nongovernmental organizations (NGOs) active in the arena that the international donor community defines as democracy promotion.2

Indonesia is an important example of a newly democratizing country, whose progress has implications for its own citizens, for other nations moving toward democracy, and for the international actors who assist them. The Asian financial crisis of 1997 and the 1998 resignation of General Suharto set Indonesia on the path to democratic reform. Students, civil society groups, and the media served as major catalysts for change (see Hefner 2000, Mishra 2002). Since 1998, the growth of NGOs and CSOs, from the national to the local level, has been explosive.

The political space and freedom that civil society enjoyed in the immediate post-transition years are increasingly challenged by competing political interests. Remarkable progress in the area of civic participation was made during the reformasi period. The first two post-Suharto presidents, the Habibie and Wahid governments, loosened controls on the press, paved the way for independence in East Timor, initiated an ambitious program of decentralization, established special autonomy packages for Aceh and Papua, began reforming the electoral system, and took important first steps to reduce the role of the military in politics and the economy. Free and fair general elections were held in 1999 and 2004. Direct elections of mayors and governors took place for the first time in 2005, and decentralization rolled ahead amid some attempts to rein in the excesses of local officials, but many of the country’s most important new policies lost traction under the government of Megawati Sukarnoputri 2001-2004 (see Hadiz 2004). The forces for

1 These are the Democratic Reform Support Program (DRSP) and the Local Governance Support Program (LGSP).

2 Worldwide, civil society (also referred to as the nonprofit or “third” sector) fulfills a wide variety of functions in the space between state and market: providing services, mobilizing interest and engagement, enabling the expression of values and faith, and fostering social entrepreneurship (see Edwards 2004, Frumkin 2002, Hall 1995). Democracy-promotion NGOs, our focus here, are those NGOs that are involved in expanding citizen participation, providing civic education, engaging in advocacy and lobbying for public goods, serving as watchdogs against government abuses, and empowering marginalized and disadvantaged societal groups (see Ottaway and Carothers 2000). The majority of NGOs in Indonesia are registered as private foundations and are not membership-based. Indonesia has large numbers of community- and mass-based organizations, such as religious associations, farmer federations and citizen forums. These charitable and service organizations are not primarily engaged in democracy promotion or governance reforms, and are not dealt with in this paper.
change received a boost following the overwhelming electoral success in 2004 of
President Susilo Bambang Yudhoyono, which gave him a high degree of legitimacy and a
mandate to implement controversial policies.

Yet as any newly democratizing country after decades of authoritarianism, Indonesia’s
democratic transition faces persistent challenges. Large segments of the Indonesian
public administration use their authority to further their own vested interests, rather than
serving the public. Only the top layer of the bureaucracy has been replaced. There is still
a strong sense of entitlement among government officials in Indonesia, who view it as
their right to define public policy as they see fit. Many state officials have not embraced
the new procedures and standards that accompany decentralisation and democratic
reform. Civil servants maintain their old work patterns and attitudes. Indonesia remains
within the bottom 20 percent of Transparency International’s Corruption Perception
Index. A relatively small elite still hold powerful positions in the government and in
legislative bodies at the national, provincial and municipal levels. Elected members of
regional parliaments (DPRD) remain oriented towards their parties rather than voters, and
often lack the capacity to carry out law-making, budgeting and oversight. Political parties
lack connections to the grassroots. Parties recruit politicians primarily for their skills in
fundraising.

Democratization has opened the door to new advocacy roles for civil society, and NGOs
born in the years of protest often see themselves as opponents of the government, and
look with suspicion at cooperation with state actors. Indonesia’s authoritarian government
under Suharto tolerated civil society groups as long as they restricted themselves to state-
directed, non-political development activities and community service delivery.
Government has made significant progress in expanding the space for citizen
participation, especially at sub-national levels, but many public officials are still
ambivalent about the political role of NGOs and activist citizens in general. While
official rhetoric embraces participation and partnership, their practice often remains
restrictive and ad hoc (DRSP 2005). Commenting on the democratic transition in a recent
petition in the Jakarta Post on May 31, 2007 (p. 11), 46 prominent civil society leaders
and democracy activists observed that “we have turned Indonesia into a country with the
widest and most vibrant democracy in Southeast Asia.” But, they continue, Indonesia is
also experiencing a sense that democracy is not delivering on its promises because “of the
enormous gap between the rich and the poor…and because the guardians of justice are
corrupt.” In short, much has been achieved in deepening democracy, but the transition to
democratic consolidation is incomplete. 3

Despite their initial successes and their growing importance as political and development
actors, NGOs in Indonesia are under-organized and lack capacity (Manning and Van
Dierman 2000, Antlöv et al. 2006). Unless Indonesian NGOs can deal with their capacity
constraints, their ability to strengthen civil society and contribute to continued progress
on democratic consolidation is at risk (Aspinall 2004). In this paper we examine: a) what

3 Democratic consolidation has been attained when democratic processes and institutions become the “only
game in town,” in the words of Linz and Stepan (1996).
Indonesian democracy NGOs have done to increase their capacity and effectiveness, b) the challenges they face in engaging with state actors and in contributing to the strengthening of democratic governance, and c) the capacity gaps that remain.

The Emergence of Civil Society Organizations in Indonesia

Organized civil society has an extended history in Indonesia. A rich array of social groups and movements has long existed, including religious societies, private community schools, credit associations, mutual assistance self-help groups, neighborhood organizations, and water-user associations. These were mainly ascriptive, and not always voluntary. During the decade of Indonesia’s political awakening (1915–1925) these community organizations began to coalesce and develop into an emergent civil society, distinct from the state. Hundreds, if not thousands, of popular mass organizations were established, based on religion, ethnicity, political affiliation and other joint concerns. Post-colonial Indonesia saw intense societal debate around how the newly independent nation should be organized to provide the public good and services that citizens expected from the state. By the 1950s and 60s, civil society had become highly conflictual, both reflecting and exacerbating the country’s deep socio-political cleavages. The resulting disorder and violence helped to pave the way for the authoritarian government of Suharto, whose New Order regime came to power in 1966, backed by the military (Aspinall 2004).

Development NGOs began to be recognized in Indonesia in the late 1970s. Although the authoritarian government was able to maintain high economic growth, poverty and lack of community participation in development activities created room for NGOs to play a role in community-based social and economic activities. A Ministry of Home Affairs decree in 1990 formalized this cooperation and allowed selected NGOs to become partners with government in development projects. These development NGOs acted either as complementary service providers and/or as implementing agents of government programs that could not otherwise reach the lowest strata of society. These programs covered health services, nutrition, clean water and sanitation, family planning, non-formal education, microcredit, small enterprises, informal sector joint ventures, cooperatives, and the like. However, citizens were not allowed to form organizations to develop a broad-based membership or criticize public policy and the government. There were severe restrictions on freedom of assembly and expression. Member-based CSOs were regulated by Law 8/1985 on Mass Organizations. This law was drafted by the authoritarian regime as a way to control the growth of civil society during the 1980s, and limited the opportunities for non-state citizens’ groups to operate.

In the late 1970s and early 1980s, the government introduced state-based community organizations such as the Village Community Resilience Board (Lembaga Ketahanan Masyarakat Desa, LKMD) and the Family Welfare Guidance (Pembinaan Kesejahteraan Keluarga, PKK). In addition to these state-created entities, during the 1990s NGOs helped to engage local citizen in needs assessments through participatory appraisals and to support community mobilization, often as implementers of donor-funded projects. With the initial support of international donors, the Ministry of Home Affairs in 1986
initiated a participatory planning cycle (P5D) through which village development consultations (Musyawarah Pembangunan Desa, abbreviated as Musbangdes) were aggregated to the district level and finalized in district budgets. However, in practice, much of this popular participation was co-opted by local elites, and the results of the consultative meetings were closed to the public. In reality, participation became forced mobilization through so-called mutual assistance for community development, which was often misused by local elites for personal use.

With the collapse of the authoritarian government in 1998, these restrictions on civil society and citizen participation were largely removed. Democratic elections in 1999 and 2004 allowed new political actors in local legislative councils (DPRD) to come to power (see LGSP 2008b). Direct elections of local heads of government starting in 2005 have led to the emergence of more responsive leaders. The implementation of decentralization since 2001 has allowed for local innovation, and has moved decision-making processes closer to citizens (see Rapp et al. 2006). Freedom of association and of speech has meant that organized civil society can play a larger role in public life. Local government officials are beginning to open their doors to citizen and NGO input, in spite of suspicions and caution on both sides.

Over the past ten years the number of civil society groups throughout Indonesia has grown dramatically. Democratization has created space for Indonesian civil society activists to participate in establishing rights and mechanisms of accountability in a society where citizen involvement was previously discouraged. Donor programming for democratization and governance reforms has been substantial, with the Ford Foundation, the Asia Foundation, and the US Agency for International Development (USAID) providing significant support to Indonesian NGOs. Regional autonomy and decentralization have created new opportunities for organized citizens to engage in public affairs.

**Roles and Capacity of Nongovernmental Organizations**

State-society relations broadly determine the range of roles that NGOs can play. Where governments are repressive and controlling, seeing NGOs as rivals for political power, the operational space for them is limited. Opportunities for cooperation and collaboration emerge where governments are more accepting of NGOs (Coston 1998, Brinkerhoff and Brinkerhoff 2002). The fullest range of space exists where the state is governed by a political system that accommodates NGO advocacy and independent activism that can challenge and well as complement government actions. Democratic consolidation depends upon an institutional framework of separation of powers and of checks and balances. That consolidation can be advanced and strengthened through the actions of NGOs that can aggregate interests and pursue advocacy, provide countervailing sources of policy analysis and expertise, and serve watchdog and oversight functions (see Whitehead 2002).

Capacity and capacity development are overused terms subject to fuzzy thinking and addressed by a huge literature, which is beyond our scope to review (see Baser et al.
We develop a simple model of NGO capacity. We draw upon basic systems and management theory and analysis of organizational sustainability to conceptualize NGO capacity to contribute to democratic consolidation broadly as a function of external factors that shape the context, and internal factors associated with an individual NGO or a network of NGOs. External factors include those related to politics and governance, societal norms and values, the legal and administrative framework, and socio-economic conditions.

Internal factors that affect capacity include: vision and mission, leadership, management structures and procedures, resources, stakeholder relations, and products and performance. Our systems perspective highlights the interdependencies and mutual interactions among these internal factors. Figure 1 integrates the external and internal factors to illustrate a framework for analyzing NGO capacity.

Figure 1. External and Internal Factors Influencing NGO Capacity

Source: Adapted from Brinkerhoff et al. (1990) and De Vita et al. (2001).

**External Capacity Factors**

Here we review the external factors and briefly sketch the current situation in Indonesia and its impact on NGOs’ capacity to operate. These characterizations are highly aggregated, and individual NGOs face capacity contexts that necessarily vary according
to their specific circumstances. To build and sustain their capacity, NGOs need to navigate these external factors successfully. In most countries the external operating environment that these factors collectively create evolves incrementally; however, there can be situations where rapid changes take place. In Indonesia, the *reformasi* period has seen significant transformations in many of these factors, giving rise to a turbulent environment for NGOs, fraught with both opportunities and risks.

**Political and governance factors**
A critical external determinant of NGO capacity is the degree of operational and political space created by government, discussed above, which results from a combination of factors related to politics, governance, laws, and public administration. For example, democratization and associated polyarchic structures that limit political monopolies (e.g., decentralization) and provide multiple arenas for policy and decision-making are important. Governance structures and procedures establish accountability relationships both internal to state entities (so-called horizontal accountability), and vertically between citizens and government (Brinkerhoff 2005). Patterns of vertical accountability strongly affect the ability of NGOs involved in democracy promotion to operate, and in Indonesia (as in many democratizing nations) this is contested space where entrenched political elites engage in competition for influence and power with NGOs and grassroots activists (Aspinall 2004, Hadiz 2004). These political and governance factors directly affect the legal and administrative factors as well.

**Societal norms and values**
Norms and values, such as religious and ethnic tolerance, attitudes toward authority and democracy, and entrepreneurialism, can all affect the operations of NGOs. The fact that democratic norms have yet to become firmly embedded at all levels of Indonesian society represents a constraint for the development of NGOs. An attitude of entitlement among politicians, government officials and local elites can interfere with making democratic participation a reality. “We already represent citizens,” is an objection sometimes heard from regional parliamentarians who argue that public hearings are not necessary. This attitude is related to deeply rooted patron–client social relations. In Indonesia today, these voices have become less common, but administrative practices still reflect the norms that public administration is a technocratic endeavor that should be carried out by officials without external interference or oversight. Government officials often consider the design and delivery of public services as their exclusive domain; they see citizens as end users, not as stakeholders or customers to be consulted and served.

An important factor for NGO capacity in all countries is the value placed on charitable giving. Composed predominantly of Muslims, Indonesia’s civil society recognizes charity as one of the five pillars of Islamic faith, and obligatory donations (*zakat*), both individual giving and through organizations, constitute an important resource for civil society groups (see Alterman et al. 2005). For NGOs engaged in democracy promotion, however, the norm embodied in *zakat* rarely translates into citizen giving for civic education and policy advocacy. Thus the capacity of NGOs to sustain themselves over time without external donor support is limited, a factor that Indonesian civil society leaders are acutely aware of.
Legal and administrative factors
The legal and regulatory framework affects NGOs (and CSOs), all the way from basic constitutional rights that allow citizens to organize independent of state control, to laws governing the creation and operation of foundations, to NGO registration laws. Laws affecting public administration also affect the capacity of NGOs to function; for example, statutes on public hearings, “sunshine” legislation, freedom of information, laws on citizen participation, etc. These statutes open the door for NGOs to discover what government policies and programs exist or are planned, to obtain budget information, to engage with public officials, and so on. As Indonesia has pursued reformasi, democratization, and decentralization, new mechanisms and procedures have been created to enable citizen participation and NGO action (see Suhirman 2005). Since 1999, Indonesia has pursued a significant decentralization that has reframed political and administrative relationships among different levels of government, expanded the number and authority of subnational entities, and passed laws that have created new opportunities for citizen engagement (see Rapp et al. 2006). For example, Law 20/2003 on National Education establishes multi-stakeholder school committees and district-based boards of education. Law 7/2004 on Water Management requires local government agencies to hold public hearings on important water management policies. Law 41/1999 on Forestry establishes community co-management of forest resources.

The decentralized development planning cycle, enacted under Law 25/2004 on the National Planning System, creates administrative mechanisms that enable citizen and community engagement, through the Musrenbang, the government-organized multi-stakeholder consultation forum for local development plans (LGSP 2007). Citizens have the right to participate in all levels of the Musrenbang. In addition, many local governments have passed bylaws or local regulations (peraturan daerah or perda, in short) for participation and transparency. Forty local governments to date have passed such regulations, and many more are in the process. These perdas provide legal protection and encouragement for individual citizens and NGOs to engage with government officials. Importantly, they also provide a certain amount of access to information at the local level, which is important in Indonesia, since national parliament passed the draft law on freedom of information only in April 2008 and it has yet to be implemented.

Socio-economic factors
Factors recognized in the literature as having an impact on civil society capacity include, for example, access to education, economic growth to support the rise of a middle class, and social polarization (see Bunbongkarn 2004). In Indonesia, the democracy movement has been led by well educated, urban-based civil society activists. With the fall of the Suharto regime and the influx of donor support for democratization, these educated activists founded NGOs to pursue their reform agendas and used the external funding to build the capacity of their fledgling organizations. The social relations between urban elite NGOs and rural grassroots movements, influenced by cultural, economic, and geographic distances, have had a well recognized impact on the depth and distribution of civil society capacity throughout Indonesia. The gulf created by these socio-economic
divides has contributed to the lack of NGOs rootedness. Civil society activists in Indonesia have been characterized as “floating democrats” hovering above, but unconnected to, Indonesian society; and thus unable to gain popular legitimacy and incapable of mustering a broad base sufficient to mobilize political support or influence (Törnquist et al. 2003, see also Manning and Van Dierman 2000).

Internal Capacity Factors

The management, capacity, and sustainability literatures cohere around a common set of factors that are found to be associated with building capacity, though analyses show some variety in how these factors are expressed, the interrelations among them, and how best to create and/or improve them in the case of absence or deficiency. As noted above, the designation, internal, applies either to an individual NGO or to a network of NGOs working to achieve a common objective. Observers of Indonesian NGOs working to promote democratization have highlighted all of these factors as important to their current and future levels of capacity. The issues and problems noted below are real concerns, though not to the same extent for all NGOs.

Vision/mission

The vision that defines the mission of an NGO provides the foundation for what it seeks to accomplish, what products and programs it offers, how it is organized, what resources it may have access to, and how it interacts with its stakeholders. In short, vision and mission define the identity and the operational trajectory of the NGO. In the case of Indonesia’s NGOs, the overarching vision derives from the post-Suharto democracy movement, which upholds an image of a pluralist, open, and free society administered according to the principles of democratic governance (see Prasetyo et al. 2003).

The missions of individual NGOs run the gamut of activities associated with building and deepening democracy. For example, the Center for Electoral Reform (CETRO), as its name implies, focuses on reforms in the electoral system. The Center for Law and Policy Studies (PSHK, Pusat Studi Hukum & Kebijakan Indonesia) concentrates on the legal framework and has been an active member of the advocacy coalition supporting passage of a national right to information law. The Civil Society Alliance for Democracy (YAPPIKA, Aliansi Masyarakat Sipil Untuk Demokrasi) undertakes advocacy and technical assistance in a variety of democracy support activities. For instance it facilitated the Aceh Democracy Network, a broad coalition of nearly 30 NGOs (including CETRO and PSHK) that pressed the government for regional autonomy and an end to conflict in Aceh province. In the same way, two NGO networks: the Forum for Popular Participation (FPPM, Forum Pengembangan Partisipasi Masyarakat) and the Forum to promote Village Governance (FPPD, Forum Pengembangan Pembahuran Desa) promote civic participation and democratic village governance.

4 This section draws on Brinkerhoff et al. (1990) and De Vita et al. (2001).
**Leadership**

Effective leadership is critical for any organization. Leaders enact the vision and mission, provide direction (both strategic and routine), and embody the organization’s image and reputation. Leaders are instrumental in attracting resources and in interacting with stakeholders. Their internal management skills affect efficiency and effectiveness, and over time, the NGO’s sustainability. Building leadership capacity involves strengthening existing leaders, and developing new ones.

The leadership of the democracy movement was largely urban and middle-class, and it was from this social stratum that the founders of most of today’s NGOs have come. Many were university students at the time of the fall of Suharto and they participated in the mass demonstrations and street protests that contributed to the regime’s collapse. Well educated and, according to some observers, elitist, NGO leaders have proven to be effective at connecting with the international democracy promotion community and in establishing name recognition for their organizations as a function of their personalities and social connections. In focus group discussions, NGO leaders characterize themselves variously as passionate, technically skilled and experienced, 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.

**Management structures and procedures**

Structures and procedures channel how NGO leaders and staff interact, how resources are handled, and how the organization combines its efforts and assets to accomplish tasks, and ultimately achieve results. Traditionally, NGOs have tended to operate with relatively organic structures and fluid procedures, avoiding what they see as excessively rigid and bureaucratic organization forms and systems. The requirements of funders have been a driver of more formal structures and procedures, particularly for accounting and reporting (see Edwards and Hulme 1996). Pressures for professionalism and increases in organizational size and programmatic scope are complementary drivers as well.

The majority of Indonesian NGOs are small in size with a relatively flat hierarchy. They are structured around a powerful director/president, who often is the founder. Most decisions are made at the top layer of the organization, which is highly centralized. Although most NGOs espouse a participatory ethos, in practice the staff looks to the leader to set direction and develop strategy, and thus tends not to take independent initiative. Budgeting, accounting, reporting, proposal writing, and planning systems have been weak, though over time some NGOs have shown significant improvements. The international donors have consistently noted weak management systems as a capacity constraint for NGOs.

**Resources**

Clearly resources are critical to the capacity and functioning of any organization, including NGOs. Financial resources are often seen as the most fundamental component of the array of resources NGOs require, since they enable staff to be hired, offices and equipment to be obtained, and programs to operate. All of these categories of resources
are important for capacity. Today, information technology (IT) is another type of resource that is seen as essential for communications and for improved management systems.

As noted, NGOs in Indonesia are highly dependent upon international donors for funding and support (although it should be noted that mass- and community-based organizations are better at local resource mobilization). Sustainable financing is of concern to almost all NGOs, and they are searching for alternatives to a heavy reliance on external funds. Some are approaching multinational corporations in some cases, while others are looking to broaden their base within Indonesia through outreach to the grassroots. NGOs have access to a broad pool of local talent: young, idealistic, and committed university graduates who in many ways are “junior” versions of the NGOs leader-founders.

**Stakeholder relations**

An NGO with strong leadership, a compelling mission, efficient management, and adequate resources will not achieve impact unless it can connect to those actors who need, want, support, and value what the NGO does and what it produces. Effective outreach to stakeholders is critical to capacity. The “floating democrat” problem is a constraint for NGOs, most of whom are based in large cities in Java, and in the capital, Jakarta, even though they might be implementing activities other parts of the country. While NGOs in Indonesia assiduously cultivate their relations with international funders, and are well connected in many cases to like-minded groups among the urban elite who constitute the same social class as their founders and staff, they remain detached from the everyday reality of common people. This detachment affects their ability to craft public education campaigns that resonate with social groups whose support they seek to enlist. Groups within Indonesian society that stand to benefit from the democratization agendas that NGOs are pursuing do not always see themselves as stakeholders in those organizations and their missions.

**Products**

NGOs everywhere are called upon to demonstrate that the products and services they provide are effective and useful. The perception stakeholders have of the appropriateness and quality of what an NGO produces influences their support and satisfaction. Many NGOs have “sold” themselves to their stakeholders as flexible and creative problem-solvers who have the capacity to take on new challenges successfully. In Indonesia, as in many countries, individual NGOs have shifted from one type of activity to another, in some cases without necessarily having the requisite skills, driven in part by the need for funding. Environmental groups are election monitors; research institutions manage development programs; anti-globalization networks organize social forums, and so on (Antlöv et al. 2006). For NGOs, the issue is less one of shifting from one area of intervention to an unrelated one for which they may not be prepared, but more that their “product line” consists of a limited repertoire that is applied in all cases no matter the policy issue or reform problem. For example, outside observers, and some NGOs themselves, have noted a “one-size-fits-all” approach to advocacy that is a legacy of the *reformasi* period: organize a public advocacy campaign and take to the streets to mount rallies and demonstrations outside government offices. Behind this singular intervention
choice often lies a weak capacity to undertake nuanced political and stakeholder analysis that would allow for the elaboration of a more sophisticated and tailored reform strategy.

Performance
While performance is often viewed as separate from, and the result of, capacity; the two are inextricably connected for two reasons. First of all, because in practice, capacity is only made manifest through performance; and, second because the demonstration of performance is what attracts the resources and commitment that enables capacity to be maintained and expanded. However, since the action sphere of NGO democracy-promotion efforts consists of producing public goods that local stakeholders find difficult to assign a value to, much less to perceive as serving their interests, the link between performance and viable support is tenuous. Indonesian NGO leaders recognize the problem of the lack of perceived immediate benefit of what their organizations do in the eyes of most citizens, and the most frequent response is to propose a civic education campaign. Less recognized is the role of accountability in strengthening the link between performance and an ongoing flow of resources and support. NGO leaders have complained that donors are not as willing as in the past to provide organizational support grants with no strings attached, and are shifting to performance-based grants. Beyond international donors, there are few mechanisms through which NGOs can be held accountable to citizens, further reinforcing the social distance noted above. The Indonesian public, as well as state actors, complain about the lack of accountability of NGOs in general, and this perspective affects democracy-promotion NGOs as well (see Antlöv et al. 2006).

**NGO Roles in Indonesia**
The range of roles NGOs play in democratic governance in Indonesia stretches from independent oversight, through watchdog organizations, serving as formal facilitators of government-organized *Musrenbang* meetings, working jointly with governments to draft new laws and regulations, to independent advocacy campaigns on a variety of public issues. Local governments are opening their doors for public hearings, multi-stakeholder working groups and town-hall meetings. NGOs have been successful in lobbying government for higher allocations for education and health care for the poor, and for more gender-sensitive budgeting. Citizen report cards and citizen charters have allowed for government–citizen interaction on particular public services, encouraging government agencies to improve their services through public demands. Integrity pacts allow for a clearly defined role for citizens in public service oversight. Watchdog NGOs have been able to expose corrupt government practices, often in collaboration with national anti-corruption agencies. Town-hall meetings and a revival of traditional consensus-building community meetings have provided forums for constructive engagement between citizens

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5 See Blair (2004) for an example of an effort to measure the impact of CSO democracy-support activities.
6 Interesting here are the research findings on civic activism in Mexico that show that local NGOs are better at “extracting benefits” (e.g., higher budget allocations, a local health care center) than demanding accountability and holding local government accountable (Grindle 2007, chapter 6). A similar criticism could be levied against many local NGOs in Indonesia. Strong oversight and accountability mechanisms are still lacking in Indonesia, despite ten years of pro-democracy civic activism.
and government, facilitated by NGOs. In short, there are numerous practices and experiments going on, some supported by donors but many initiated by reform-minded government officials in partnership with NGOs.

Case Studies from Indonesia
The following mini-cases provide more detail on how NGOs are working in cooperation with state and civil society actors. These examples chronicle NGO participation in revising and refining the legal framework for citizen participation and local autonomy. They illustrate the importance of perceived technical capacity and of trust in enabling such cooperation. In the first two cases, DRSP provided assistance to the NGOs; in the third case LGSP provided support.

FPPM – Ministry of Home Affairs cooperation on the drafting of a government guideline

The Forum Pengembangan Partisipasi Masyarakat (FPPM) is a network of NGOs that has managed to establish a close working relationship with the Ministry of Home Affairs Directorate for Regional Development Planning (BangDA). Over time, BangDa has come to regard FPPM as a valued partner in the formulation of regulatory policy reform related to planning and budgeting issues.

The cooperation started over the preparation of a government regulation. In the initial phases of this cooperation, FPPM faced trust and confidence issues. BangDa’s home ministry initially perceived the NGOs as provocateurs. The network gained access to BangDa through a reform-minded leader, the then Director of the department. FPPM managed to convince BangDA to conduct wide public consultations across sectors and regions on the content of the draft; analyzed the draft in terms of its fit with the legal framework, advocated for improvements, and facilitated interdepartmental discussion.8 This cooperation was formalized in a Memorandum of Understanding (MoU).

In the frame of drafting the regulation, FPPM managed to win over the doubtful BangDA staff mostly through their expertise and rich knowledge of regional conditions, due to their wide regional network. FPPM positioned a liaison officer in the directorate, which provided the forum with a better insight and understanding on the drafting process and the needs of the government drafting team. This demonstrated to the department the NGOs’ high sense of interest and reliability. Another important factor was that besides its regional network, FPPM had access to additional knowledgeable partners (donors, universities) who could help to improve substantive areas of regional planning and used these connections and it managed to enroll them in the process.

7 Government Regulation on: Steps, Procedures, Control and Evaluation of Regional Development Plans (RPP-T2CP2EPRD).

8 The initial draft had some shortcomings, including a lack of transparency, accountability, and civic participation in the planning process; inconsistency between planning and budgeting; and the need for affirmative action favoring poor people and better cooperation between national level stakeholders.
Over time, FPPM was able to build significant trust and recognition of its technical competence from its government partner. As a result BangDA enlisted FPPM’s participation in interdepartmental discussions, a forum usually closed to NGOs at the end of a legal drafting process when diverging opinions and interests are reconciled. Today, BangDA sees FPPM as an important partner in policy dialogue, and has signaled that in future drafting activities it would search for similar cooperation with NGOs.

The exercise was a learning experience for FPPM as well, who had put considerable effort into the preparation of the regulation. Members recognized that the end product did not fully satisfy their expectations, but the process of engagement provided important lessons on cooperating with government.

FPPM’s achievement is a good example of the recent changes in state-civil society relations in Indonesia. FPPM was established in 2001 as a lobbying and learning network among some 40 civil society groups (ranging from citizen forums to watchdog NGOs) to promote citizen participation in the newly democratizing Indonesia. Relations with government were initially nonexistent, but FPPM held a number of workshops and seminars on issues around grassroots participation with invited government officials, and some degree of trust began to emerge. FPPM remained wary of government; in 2004, for example, FPPM was invited, but declined, to participate in a revision of the law on regional autonomy, worried about the lack of openness and political will in government. But the reservoir of trust on both sides remained. Public officials became more open to external input and recognized that NGOs bring something to the table. FPPM demonstrated to the government that the knowledge the network generated was of use. Importantly, FPPM, by being a network rather than a single NGO, was able to overcome some of the limitations noted above: lack of rootedness, elitism, etc. FPPM has member organizations across the country, many of which are practitioners, and thus with hands-on local knowledge that government officials in Jakarta did not have.

**FPPD - Ministry of Home Affairs cooperation on the formulation of a draft Village Law**

Indonesia is presently revising its Region Autonomy Framework and intends to draft a separate Law on Village Governance under the lead of the Directorate for Community and Village Development (PMD). Interested NGOs saw the possibility to encourage some improvements in the substance of the law. They also pointed out the need to involve a large set of stakeholders and encouraged a wider consultation process.9

The *Forum Pengembangan Pembaharan Desa* (FPPD), a network of NGOs focusing on village issues, took up this challenge and signed a MoU with PMD to support preparation of the draft law. The MoU included six crucial aspects of village governance, which were regarded as the basic themes along which the drafting should be conducted. FPPD drafted input papers on each of these, which were discussed in its network and with PMD. These

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9 In particular, needs for improvements were seen in clarifying the status of villages: the division of functions between sub-national levels and village, the treatment of gender, structures for village economy, village democracy and more.
input papers were used to formulate a White Paper, which served as the basis for the legally mandated supporting text of the intended law. An experienced and highly conservative senior PMD staff member led the drafting team, and proved to be a very tough and dominant partner who sought to maintain a very high degree of control over the drafting process. As a result, negotiations with PMD were not always easy for FPPD, both with regard to agreeing on the substance of the draft, or on the consultation process. PMD preferred one-way discussions with external stakeholders, and it took strenuous debates to change this orientation.

Although the final product of the draft law that resulted from FPPD-PMD cooperation was highly praised for its quality and progressive tone, the working relationship between the NGOs and PMD did not fundamentally improve. Following completion of the draft, PMD conducted its own internal discussions, purposefully excluding representatives of the network from the meetings and from access to later drafts.

For FPPD, the collaboration was extremely difficult. From the beginning the network faced difficulties in finding common ground among its members on the features of village governance, and had to cope with extremely divergent views. Some members had argued for full autonomy for villages, going well beyond the structure envisioned by most regional and national decision makers. Long discussions yielded no agreement until FPPD realized that without acceptance of the government’s decentralization framework, it could not play a role in bringing about positive change. Members agreed to work within this framework, and to provide proposals and development options to PMD. At the same time, FPPD sought to develop an alternative policy framework and advocate for it among other stakeholders. FPPD leaders enlisted members of their wide network to tap additional expertise and to further formulate and structure their reform ideas. Presently FPPD is in the process of articulating its own vision of village governance, writing a white paper on the topic, and preparing a draft law which it intends to advocate for through the national parliament.

This case shows that government actors still resist NGO participation, and are unwilling to fully trust NGOs. PMD doubted that FPPD would support its version of the draft law, and thus curtailed the network’s participation. While FPPM was supported at BangDa by a visionary leader, this was not the case for FPPD, whose government counterpart, PMD, is a more conservative directorate.

**Madiun civil society coalition and municipal planning**

This case is an example of a coalition of civil society organizations, including NGOs, that collaborated with local government and local legislative councils.¹⁰ Madiun is city of some 200,000 people in rural East Java. Relations between local legislative council, the government, and civil society groups have been tense over the last ten years, with the local council and the government resisting involving citizens in policy dialogues. As a result of bad experiences in the past, government felt that NGOs were more interested in

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¹⁰ This case example draws heavily from McLaughlin (2008).
funding than in actually representing citizens. Most members of the legislative body had little or no experience working with citizens. Pro-democracy activists had much the same impression of the council and the government. Many of them felt that councilors were generally incompetent and venal.

However, as new reform-minded councilors were elected in 2004 and gained prominence in 2005 and 2006, relations started to change. A new mayor was also elected to office in early 2006, and he promised an acceleration of reforms. Civil society groups in Madiun took advantage of these new opportunities. In early 2006 a group of 25 CSOs (including citizen forums, NGOs, religious groups and women’s organizations) formed a civic alliance to address key issues in the city. These included budget transparency and basic public services such as health care and education. In September 2006, municipal officials invited the CSO coalition to participate in discussions of a long-term development plan for the city. At the meeting, they were asked to approve a document that they had never seen before. Instead of giving their support, they protested, citing relevant laws requiring public consultations in the drafting of a long-term development plan. The new government acquiesced, and offered to establish a multi-stakeholder working group to redraft the document.

The coalition developed ideas that their representatives then presented to the working group. Not all members of the working group were equally interested in civil society participation, but a core group was in favor of the coalition’s engagement. This group supported the CSO coalition’s efforts to inject external perspectives into the deliberations of the working group by presenting as many of the coalition’s proposals as was feasible. The Madiun CSO coalition became something of a “shadow working group,” supporting its representatives with advocacy and outreach, and keeping pressure on the working group to deliver on its promise of a new draft that included public input. A public consultation was held in mid-2006, and the CSO coalition helped many of the participants think through how to present their comments effectively by developing a questionnaire to help them structure their ideas. A final draft of the development plan was developed that incorporated several elements from the public and CSOs.

This initial success in opening the planning process to the public helped build confidence and trust, and the CSO coalition decided to turn to the more sensitive topic of budget analysis. During the same period, a few reformist members of the local council wanted to increase public participation in budgeting, and sought to provide copies of the budget to citizens and sub-district governments. They encountered strong resistance from the local government to sharing budget documents, and ended up making copies of the budget at their own expense. While these local councilors and members of the CSO working group shared an interest in improving transparency, they initially had very little respect for each other, both believing the other to be corrupt and incompetent.

This perception led the CSO coalition to begin to work independently. Members conducted an analysis of the 2008 draft budget, and found discrepancies among the various budget documents, as well as differences in spending and investment needs presented in the city’s various planning documents. Many members of the CSO coalition
were initially hesitant to share their results with the government for fear that they would be labeled as troublemakers. However, after internal reflection and debate, the coalition decided to present their findings. They organized a meeting with the more reformist members of the local council, who were very impressed with the analysis. The council members expressed their own frustrations with trying to make the budget public, and the groups began to talk to each other about the need to develop further legislation on transparency. The local council forwarded the CSO coalition’s report to the finance agency, requesting that the identified issues be dealt with. The finance agency then requested that each sectoral agency address the discrepancies identified in the report, and respond to the local council.

While the result did not greatly alter the ultimate budget allocations, it reduced “gray areas” in the budget documents that provided potential avenues for leakage. It also alerted the executing agencies to the fact that they were being watched. The local council was so pleased with the results that it asked the team to help analyze the 2009 draft budget. In addition, based on their discussion about transparency, council members also asked the coalition to work on a white paper to draft local regulation on transparency. Importantly, trust and respect were also built between the two sets of actors.

**Challenges for NGOs and democratic consolidation**

Civil society activism has contributed substantially to increasing participation and transparency in Indonesia, building the legal and institutional infrastructure for democracy, and providing voice and advocacy in support of reform. However, Indonesia is a relatively young democracy, with much of the public administration and governance structures from the previous authoritarian regime are still intact. As our model (Figure 1) illustrates, these external factors place limits on the capacity of NGOs to bring about change, and point to the need to address not just the demand side of democratic reform—often the main focus of donor attention—but the supply side as well. Space for civil society engagement in democratic governance in Indonesia is highly dependent on political will, which is unevenly distributed. When decision-makers—either from the executive branch or the legislative—are reform-minded and willing to engage with citizens, then possibilities for NGO and citizen involvement in governance emerges. The mini-cases presented above provide an illustration of such engagement. By contrast, where government is less open, citizens resort to more confrontational avenues, such as street demonstrations and protests, to express their views on public policy. As noted above, there is still lingering distrust between civil society activists and government officials.

Of the categories of external factors that influence NGO capacity, as well as prospects for democratic deepening, all of the factors identified in our model are arguably important. Looking ahead, two categories are of predominant salience in today’s Indonesia where some observers have become concerned about democratic backsliding and persistent
political cronyism: political and governance factors, and legal and administrative factors. The following are seen as obstacles:\textsuperscript{11}

- **Corruption.** As previously noted, Indonesia remains in the bottom quarter of Transparency International’s corruption perception index. This situation promotes a lack of confidence in state institutions, and cynicism about the interests of political and economic elites. Many NGOs and grassroots organizations are wary about collaborating with state actors and institutions.

- **Slow pace of administrative change.** The state apparatus is still top-heavy and patrimonial. Civil servants tend to see themselves as state officials with distinct privileges rather than as public servants, where the emphasis would be on responsibilities. Accountability still is oriented upward toward higher tiers in the administrative hierarchy, rather than downward to citizens. The interpretation and understanding of civic participation is fast reduced to pure attendance without decision making powers.

- **Weak implementation of existing laws and regulations.** Even though there are good laws and regulations providing the space for citizens and NGOs to engage in policy design and decision-making, in practice the role of citizens is often limited to that of passive observers at government-organized events. Civil society groups are frustrated with the *Musrenbang* and public hearings on local regulations, since they often amount to nothing more than disseminating information on decisions already taken.

- **State-society relations characterized by mutual distrust.** This is one of the more resilient legacies of the authoritarian regime. Government officials argue that villagers are not competent to decide upon their own future. Conversely, citizens do not trust that government officials have their best intentions in mind. During public hearings and town-hall meetings, this distrust sometimes leads to heated exchanges.

- **Changing national regulations on freedoms of association and information.** Although civil rights are codified in the amended constitution, it can be difficult for citizens to exercise their democratic authority, for instance, through accessing public documents. There have been attempts by local government to limit the liberties of progressive social organizations. Law 8/1985 on Mass Organizations is presently being revived, which some people fear might lead to tighter state control over the freedom of assembly. On the other hand, the Freedom of Information Act has been passed this year partially due to strong advocacy efforts and involvement of a NGO coalition since 2002.

Several of the challenges facing Indonesian NGOs are related to their internal capacity. These include:

\textsuperscript{11} These points are taken from LGSP (2008a), written by Hans Antlöv.
• **Overreliance on confrontational advocacy strategies.** NGOs need to adjust their advocacy strategies to achieve desired impacts, rather than relying exclusively on confrontation and opposition. Many NGOs are unaware of political programs, government policy formulation cycles, or how to use legal means to fight corruption and abuse of power. They often resort to less-nuanced or destructive approaches, and look down upon politicians. Protest politics is still alive among CSOs, further exacerbating trust. Some NGOs recognize this capacity gap; for example, FPPM coordinated a capacity-building program for a network of eleven NGOs and community groups working together on decentralization that provided training in policy analysis and lobbying tools to improve their ability to interact with parliamentarians and public officials.

• **Shallow organizational capacity.** Due to strong leader-follower structures that keep knowledge and expertise in the hands of a small group (or one individual) at the top of the organization, most NGOs lack depth in key skills and are unprepared to cope with internal organizational life cycles as the first generation of democracy NGO leaders begin to move on. The leader-follower structure of many NGOs, and the unwillingness of many leaders to actively address succession, has not prepared the organizations for continued success and capacity development.

• **Inability to cooperate to achieve greater impact.** By their own admission, NGOs tend to be highly competitive with each other, and prefer to maintain their independence rather than combining efforts with other groups. As a result, NGOs’ capacity to operate in networks and coalitions, rather than as individual organizations, is relatively weak. There are examples of successful networks, such as the cases presented in this paper; and some NGOs are interested in learning how to work together more effectively.

• **Sustainability.** NGOs need to build indigenous constituencies for organized civil society and a foundation for sustainability beyond international donor support. While it is unrealistic to expect that NGOs can operate without any international funding at all, the high degree of donor dependence is not viable. In recent years, NGOs have begun to bargain with political actors, offering their ability to communicate with citizens in exchange for policy commitments. In some cases, NGO leaders have entered the political arena, vying for seats in central and local legislatures as well as positions of regional head/deputy regional heads.

**Conclusion**
As noted in the introduction, civil society has a key role to play in deepening democracy, and international donors have sought to provide support to democracy-promotion NGOs to enable civil society to fulfill that role. Our model presented in Figure 1 elaborates the internal and external factors that contribute to NGO capacity. The analysis of NGOs working to deepen democracy in Indonesia reveals the importance of the external factors
in setting limits on what NGOs can do, and how in particular the factors related to politics and governance, and to the legal and administrative framework have constrained NGO efforts to expand democratic space and to engage with the state. Weak progress and some backsliding on these factors have led to a certain amount of concern about democratic consolidation, despite some degree of increased openness among government officials to citizen participation and the emergence of new partnerships between government, NGOs, and CSOs, such as those reported on here.

The internal capacity factors are also important in explaining what democracy-promotion NGOs in Indonesia have achieved and what they have not. Important results have been accomplished, and the examples presented in this paper attest to progress in engaging with state actors in a more constructive way than in the past, as do other studies (e.g., Aspinall 2004, Blair 2004). The NGOs that DRSP and LGSP have worked with over the past several years demonstrate the commitment and positive effort of civil society activists to support democratization. Yet, the leader-follower structure of many NGOs, their tenuous connection to societal groups beyond urban elites, their competitive orientation to each other that inhibits aggregation of clout and influence, and their dependence upon external donor support all pose barriers to producing sustained and sustainable change. The experience of Indonesia’s democracy-promotion NGOs reinforces the salience of the question that Howell and Pearce (2000) raise regarding whether democracy-promotion NGOs are largely technical instruments of externally supported governance reforms or socially embedded actors committed to pursuing an indigenous change agenda. Our conclusion is that they are both, which creates some complex dilemmas for Indonesia’s democracy activists and for the international donors who provide them with assistance.

The pro-democracy movement arose from Indonesians’ dissatisfaction with the authoritarian government’s failure to deliver socioeconomic benefits and a desire for change. In this sense, the roots of the democracy-promotion NGOs are homegrown. However, as the international community responded to Indonesia’s democratic opening with financial and technical assistance, which was geared to supporting organized civil society groups, pro-democracy activists were encouraged to form organizations to receive the donor resources. Along with the resources came programmatic agendas for civil society strengthening. Thus the NGOs that were created channeled indigenous forces for change into organizations that simultaneously enacted the pro-democracy movement’s aims and implemented donor-designed programs. Although these programs sought to be demand driven, as in other democratizing countries that receive donor assistance, to some extent supply has tended to create demand. Given that the movement originated with urban elites and had from the start weak links with the rest of Indonesian society, the current situation where NGOs are viewed skeptically is not surprising (see Prasetyo et al. 2003, Antlöv et al. 2006).

As civil society entities embodying social change and serving as contributors to specific governance reforms, democracy-promotion NGOs are objects of suspicion and criticism for weaknesses and failures in both realms. Critics from several quarters accuse NGOs of being self-serving organizations chasing grant money for projects, of lacking
accountability, of having a negligible impact, and even of being tools of political interests. While aspects of these criticisms may be valid, they underestimate the achievements democracy-promotion NGOs have realized and the emergent capacities they have developed.

Our three cases—FPPM, FPPD, and the Madiun CSO coalition—demonstrate the development of capacities for research, analysis, advocacy, and stakeholder management. Their decisions to engage with government when the opportunities arose are a manifestation of maturity among civil society activists that heretofore have been highly distrustful of state actors, and have tended to see their role as opposition to the state, rather than engaged participation. While external support has led to some schizophrenia for democracy-promotion NGOs—being at the same time enactments of socially embedded forces for change and implementers of donor democracy programming—nonetheless donor support arguably has contributed to the maturing of civil society as demonstrated by its decisions and strengthened capacities to engage with government in new ways. The capacity challenges facing these NGOs are several. They need to be able to: confront the gap between the expectations that various stakeholders have regarding their roles and their legitimacy; develop the flexibility to respond to new openings for both engagement with government and with citizens; and address their internal capacity problems, which we have detailed above.

It is in the working out of a more constructive relationship between state and civil society that Indonesian democracy will be consolidated and deepened. Looking forward, we consider that a key challenge for democracy-promotion NGOs will be renegotiating their identity and place in Indonesian society as donor funding declines over time. We see that place as inherently political, involving the aggregation and expression of interests to influence the distribution of power and resources. The experience of Indonesia offers food for thought for civil society activists in other countries and the international donors regarding the evolutionary path of democracy promotion and the conditions that affect civil society’s capacities to function as a counterbalance to state power over time.

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