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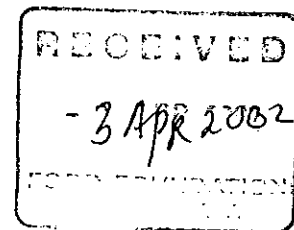
# **Final Report**

## **Assessment of Legal, Administrative, Financial and Other Relevant Aspects of Indonesian Organizations**

as input toward the formation of a

## **Center for Local Government Innovations**

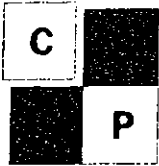
Project:  
Developing Foundation for Local Government Innovations  
(DFLGI)



**S. Juliani**

Independent Consultant  
For Chemonics/USAID

Jakarta, 29 January 2002



*from Gerry Porta*  
S.  
HP

Civil Society Support and Strengthening Program

April 3, 2002



*Dear Suzanne,*

As promised, attached are two reports written by local consultants of our Chemonics colleagues. Both reports review the legal framework affecting Yayasanans, associations and people's organizations. The translation from Bahasa Indonesia to English is sometimes awkward but I found both reports very useful.

Best regards,

*Gerry*



## I. Background

### 1. UU 22/1999 article (115)<sup>1</sup>

In the spirit of UU 22/1999 on local autonomy in Indonesia, whereby the local government (Kota and Kabupaten) have a larger portion of the decision making and public policy process that concern their own constituents, article 115 (paragraph 2) stipulates support toward local government bodies (executive and legislative) in establishing independent working relationships within and amongst them. This by far is more progressive than its predecessor, i.e. UU No. 5/1974 whereby the local government (executive bodies) has no political and strategic role in the local parliament (legislative, DPRD) nor in the decisions of the Heads of the Province/Kabupaten. This centralized approach that has been constitutionalised since 1974 was then changed into a decentralized mode by UU 22/1999 (on local autonomy) and UU 25/1999 (on fiscal decentral-ization).

The concrete support as stipulated in UU 22/1999 article 115 (paragraphs 1 and 2) is the government approval in establishing an independent Dewan Pertimbangan Otonomi Daerah (DPOD) comprising 6 (six) representatives from local government associations. DPOD has a strategic role in that it functions to provide input to the President regarding local autonomy (e.g. formation, abolishment, merge, and separation of autonomy areas) on issues such as of fiscal/budget management, capacities of the government agencies/bodies, etc.

In May 2000 the GOI issued KepMen Dalam Negeri 16/2000 which provided guidelines on the formation of local government associations whose ex-officio members would serve as the local government association representatives in the DPOD. Within one month after the issuance of this KepMen, the local government associations were formed. The role of MoHA(RA) at the time was very dominant in the set up of these associations.

### 2. *Toward good governance: Capacity building for government institutions/bodies/ agencies through stakeholders*

Whilst the “spirit” of the local autonomy and authority is strong based on UU 22/1999 and 25/1999, the “flesh” is weak. This is by all means understandable, since the regulation that “frees” the local authorities of their central demand-driven agenda is only 2 years old.

The concept of good governance, that involves all stakeholders at different levels, has always been in the mind of Indonesian citizens. However, after decades of being curbed into not practicing it, the concepts have remained “in concept only” and no experience has been gained from it. USAID – among many international donor agencies in Indonesia – is very much interested in providing assistance toward realizing this concept of good governance, where the locals (executive, legislative, judiciary, citizens) are fully aware of the process of governing and managing their (public administrative) area.

In this project therefore, DFLGI welcomes the interest of local government associations in their endeavour to contribute toward a good governance at the local level, through capacity building activities and so forth using a formalized organization that is run professionally. Financial assistance from USAID is made available to support activities for this organization for the next 3 years (2002-2004)

## II. Methodology

In preparing this report, a systematic approach of data collection on primary and secondary information was applied. A list of relevant and knowledgeable people to consult with regard to information sources was developed, the people in the list consulted, and information was gathered as an end result of this exercise. Whenever necessary, information obtained was

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<sup>1</sup> Summarized from a writing contributed by Azwar Hasan, STTA for DFLGI

followed up for cross-checking and verification to either dispel any doubts, or to confirm the existence of multi-interpretation on particular issues at hand. Whenever deemed necessary, further clarification was obtained from other resource people who may or may not be relevant and/or connected to the technical issues of decentralization and/or resource center/organization management.

The following is a summary of steps implemented in the systematic data gathering approach:

### *1. Data collection on regulations*

A comprehensive collection of regulations (UU, PP, Peraturan Menteri, KepMen, SK, SE, Instruksi Menteri) was conveniently available in reputable management companies such as Ernst and Young Co., and/or law firms such as Ali Budihardjo, Nugroho, Reksodiputro (Counselors at Law). Other data on government regulations was also obtained from the Ministry of Home Affairs and the Ministry of Justice in Jakarta.

Access to information on government regulations (related to non-profit organizations) was relatively easy, although later it was discovered that there were multi-interpretations on a number of regulations. It is important to recognize these multi-interpretations right from the beginning to understand the weakness of some of the existing laws (and law-enforcement of). The stakeholders – which currently means USAID (as the main donor) and the Indonesian Local Government/Parliament Associations (as the initial beneficiaries) - of this project need to be aware of the legal, organizational, tax, financial and/or social implications and potential impacts of the regulations related to DFLGI as much – and as early - as possible. An elaborated report on existing regulations is written separately by Azwar Hasan, STTA for DFLGI

Knowledge, awareness, and information on government regulations on not-for-profit organizations is of utmost importance to the DFLGI project as it would be the foundation of the legal status of the organization soon to be founded. However, in addition to the “clinical” side of setting up the organization, other aspects of the organization management relevant to the government regulations were also explored. Further information on the “non-clinical” side of setting up the organization is elaborated in Findings and Recommendations sections of this report.

### *2. Data collection on relevant organizations*

In addition to regulations, other data collected were organizational profiles and samples of organization bylaws (AD/ART). Profiles were made available in the form of brochures, booklets, annual reports, etc. Preference was given to a digital format (e-file) whenever possible. The digital formats are widely available from many of the organizations chosen as case studies (from their web sites). Profiles are collected to illustrate how the Governing Boards vary, what the visions, missions, and strategies of the organizations are. Due to the large volume of information on organizations, the profiles are attached in a separate volume of this report (Appendix D).

### *3. Interviews with directors of organizations*

The discovery that there are currently 3 (three) categories of non-profit organizations, namely Yayasan (Foundation), Ormas (Community Organization, or Organisasi Kemasyarakatan), and Perkumpulan/Perhimpunan (Associations) was in line with the path of organizations chosen to be used as references in developing this new organization.

Representatives of the three types of not-for profit organizations were consulted, i.e. National NGOs<sup>2</sup> (comprising independent and government created/affiliated, with endowment funds, with a network throughout Indonesia, project based), Ormas (government affiliated/created, religion based), and Perkumpulan/Perhimpunan. All organizations used as direct reference are based in Jakarta. The consultants adhered to the requirement to have two representations of each category reflected in the report in as much as possible. In all cases, the Director of each organization was consulted, or at the very least, a senior upper management staff who have been with the organization for a number of years and have a strong institutional memory.

Based on interviews conducted, technical and non-technical issues of organizational management emerged. Summary of these issues are elaborated in the Findings section of this report.

#### *4. Interviews with lawyers and tax consultants*

USAID – as a GOI partner – acknowledges and respects its host country by working within the boundaries of its legal and policy framework. Lawyers and tax consultants who have had previous experience in setting up not-for-profit organizations were interviewed. The objective was to provide preliminary information to USAID on the intricacies and implications of current and relevant regulations on Yayasan, Perkumpulan/Perhimpunan, and Ormas. At this stage, the information provided to the DFLGI consultants were free of charge. However, should further consultations be necessary, fees may be charged for new and specific information regarding the new organization.

A brief summary of characteristics that define Yayasan, Perkumpulan/Perhimpunan, and Ormas is presented in Table 1 of the Findings section.

#### *5. Interviews with GOI officials*

To obtain GOI perspectives on regulations on Yayasan, Perkumpulan/Perhimpunan, and Ormas, officials from MoHA and MoJ were consulted. According to UU 8/1985, non-profit organizations have to register with MoHA (Directorate General of Social and Political Affairs, DirJen SosPol). The objective is largely believed by the NGO community as an extension of “national security” function of the government intelligence unit(s). Under the new yayasan regulation, UU 16/2001, non-profit non-government organizations have to secure a letter of recommendation/approval from a technical ministry, which in the DFLGI case this means MoHA. This letter of recommendation/approval needs to be presented prior to registering with the MoJ.

In both UUs (8/1985 and 16/2001), registration with MoJ is required in order to obtain a legal status for the organization (*berbadan hukum*). Comparisons on various aspects of the UUs (Yayasan and Ormas) and Staadblad 1870 (Perkumpulan/Perhimpunan) are elaborated in the report written by Azwar Hasan.

#### *6. Interviews with academicians (involved in drafting on local government regulations)*

A short interview with two academicians from Universitas Indonesia was conducted to get a sense of how the process of revising the UU 22/1999 is progressing. One of the interviewees (Prof. Benjamin Husein) is involved in the drafting of the Revisi UU 22/1999.

A brief explanation on this aspect is highlighted in Azwar Hasan’s report.

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<sup>2</sup> “National” in terms of residing in Jakarta, with a liquid asset and/or investment of at least Rp.2,000,000,000 (or equivalent to US\$200,000), and/or working at the central level of the government and/or providing grants and/or other assistance to their partners throughout the country

## 7. Discussions with USAID-DLG team and Chemonics team (COP and LG Specialist)

Regular meetings with the DLG team (Technical Advisor and Program Officer) were scheduled on a weekly basis, with the intention to provide regular updates from the STTAs and directives from USAID. Upon the return of the Chemonics team, more meetings took place to provide more focused directives and discussions on the assignment.

## 8. Data analysis

Regular meetings between the two STTAs were conducted frequently to ensure that varying information received were of the same essence – or not, in some cases. Cross checking and verification from other sources were also undertaken.

The findings and recommendations in this report are a result of this data analysis process.

## III. Findings

The findings based on interviews and interpretations on GOI regulations in this report are categorized into two groups, namely (A) technical aspects, and (B) non-technical aspects of a not-for-profit organization. Below are summaries on findings for each category:

### A. Technical

This section addresses the technical (“clinical”) issues in establishing and managing an organization. These include issues on bureaucracy, paperwork and administrative requirements.

#### 1. Forms of not-for-profit organizations based on government legal regulations

After numerous interviews and verifications with relevant individuals with relevant expertise and experience, there are three main categories of not-for-profit organizations recognized in Indonesia. Namely, (1) Yayasan<sup>3</sup>, (2) Ormas (Organisasi Kemasyarakatan), and (3) Perhimpunan<sup>4</sup>/Perkumpulan<sup>5</sup>. A summary of the main differences that characterize each type of organization is presented in Table 1 of this section.

Currently there is only one UU that specifically regulates not-for-profit organizations under the term Yayasan, namely UU 16/2001. It is worth noting that while UU 16 was issued in 2001, it does not become effective until August 1, 2002, after which there would be a 5 year grace period (transition time) for organizations to make the necessary changes in order to be in compliance with the regulations. UU 8/1985, which in practice is still currently recognized as the legal regulation on not-for-profit organizations (LSM and LSM/OM) until the new UU 16/2001 becomes effective.

Whilst government regulations on Yayasan and Ormas are relatively new and relatively clear, regulations on Perkumpulan/Perhimpunan were an old inheritance from the Dutch colonial laws and are as old as 150 years. Currently, varying - and at times conflicting - interpretations that exist do not appear to be a hindrance nor a threat to anyone.

Kamus Besar Bahasa Indonesia, Edisi Kedua, Dep. P&K – Balai Pustaka, 1996:

<sup>3</sup> Ya.ya.san: (noun) badan hukum yang tidak mempunyai anggota, dikelola oleh sebuah pengurus dan didirikan untuk tujuan sosial (mengusahakan layanan dan bantuan seperti sekolah, rumah sakit)

<sup>4</sup> Him.pun (verb), ber.him.pun berkumpul; per.him.pun.an (noun) orang (perkumpulan, organisasi) yang mengumpulkan

<sup>5</sup> Kum.pul: (verb), ber.kum.pul (verb) 1 bersama-sama menjadi satu kesatuan atau kelompok (tidak terpisah-pisah). Per.kum.pul.an (noun) perserikatan; perhimpunan (tt organisasi dsb)

Table 1: Characteristics of Not-for-Profit organizations  
(with a private/commercial company as a comparison)

Description	Yayasan		Not-for-profit Perhimpunan		Ormas		For-profit PT
	1. UU 8/1985 (superseded by:) 2. UU16/2001		1. Staatblad 1870 2. BW 22 April 1855		1. UU 8/1985 2. PP 18/1986 3. Peraturan MenDagri 5/1986 4. Instruksi MenDagri 8/1990		
GOI registration requirement	1. MoJ (legal status) 2. Technical Ministry (recommendation) 3. MoF: NPWP, tax exempt status		1. MoJ (legal status) 2. MoF (NPWP) tax exempt status		MoH (DirGen SosPol)		1. MoJ (legal status) 2. MoF (NPWP)
Legal status (badan hukum)	Yes		1. Yes (if registered w/ MoJ) 2. No (if not registered w/ MoJ)	No		Yes	
Boards (Founders, Supervisors, Directors)	Binding		Necessary but not binding	Necessary but not binding		Binding	
Membership (chartered)	--		Yes (closed and open)	Yes		Shareholders	
Membership (fees/dues)	--		Obligatory	Obligatory		Investment/capital	
Government grant	Not eligible		Eligible if has a legal status	Eligible		Not eligible	
Eligibility for government contracts	Yes		1. Yes (with a legal status) 2. No (without a legal status)	No (no legal status)		Yes	
Funding (other than govt grants)	Various		Various	Various (except govt contracts)		Contracts only	
Change in bylaws (AD/ART)	Re-registration (re-apply)		Optional to register	Optional to register		Re-registration (re-apply)	
Income Tax (organization)	Tax exempt only for grants and donations		Tax exempt only for grants and donations	Tax exempt only for grants and donations		Not eligible for any tax exemption	
Income Tax (individual, e.g. salary)	No exemption		No exemption	No exemption		No exemption	
Liability (damages)	Boards		Organization	Individuals		Board, owners	
Annual Report (financial)	1. UU 8/1985: internal only 2. UU16/2001: published openly		Not legally required to be published	Not legally required to be published		Published	



This unusual circumstance puts the Perkumpulan/Perhimpunan in the grey area between Yayasan and Ormas. For instance, a Perkumpulan is not eligible for securing government contracts if it does not have a legal body status (berbadan hukum), but is (eligible) once the legal status is obtained – establishing it to be recognized like a yayasan. A yayasan, with its legal status, can obtain government contract. Perkumpulan/Perhimpunan can have members and membership contributions, much like Ormas and very unlike Yayasan.

Remarks on Table 1:

*Legal regulations.*

UUs and Peraturans that govern the three types of not for profit organizations (Yayasan, Perkumpulan/Perhimpunan, Ormas) and for comparison purposes, private/commercial company.

*GOI registration requirement*

Under UU 8/1985, non-government organizations (non-profit) are required to be registered with MoHA, specifically at the Directorate General of Social and Political Affairs, (DirJen SosPol). Until late 1999 when it became defunct, the DirJen SosPol – which had local offices throughout Indonesia – served as an extension of the government's political/national security arm. Its function was to monitor and “control” the existence and activities of NGOs.

Under the UU 16/2001, registration with MoHA for the purpose of government control and monitor is no longer required. In its place, however, MoJ could request a recommendation letter from a relevant technical ministry prior to the MoJ registration. In the case of DFLGI, MoHA becomes the relevant technical ministry. Furthermore, the control lies in the MoJ as the default caretaker of the organization, e.g. any change of bylaws (AD/ART) is interpreted as a “new line of business/activity” thus requiring the organization to re-register with MoJ. Should the organization be dissolved or disbanded for any reason, assets of the organization would also be under the custody of MoJ. (There is no clear mechanism on seizing and transferring of a yayasan's asset at the present time)

*Legal status (badan hukum)*

Any organization (for profit as well as not-for-profit) will only be recognized as a legal entity (badan hukum) after it has been *notaried* and registered with the MoJ. The legal status distinction between Yayasan and Ormas is clear, i.e. a Yayasan is required to have a legal status whereas Ormas is not. A Perhimpunan/Perkumpulan however, is somewhat lodged between the two.

Under Staatsblad 1870, a Perkumpulan is an *association of people* – therefore it has no legal status as an organization. Each person who is a member is responsible and liable for his/her own actions within the association. Currently however, the terms Perhimpunan and Perkumpulan are used synonymously. Perhimpunan is preferred by law practitioners as it differentiates between “an association of people without a legal status as an organization” to that of “an association of people (as individuals and/or as ex-officios) with a legal status”.

Within the GOI itself, there appears to be contradictions between the policy and its implementation of this regulation (of Staatsblad 1870) as could be seen in the ambiguity and/or flexibility of granting a legal status to Perhimpunan/Perkumpulan. The fact that both types are in existence do not appear to be disputed by both GOI and NGOs may reflect that this is the most acceptable form of organization at the present time.

### *Boards (Founders, Supervisors, Directors)*

Under UU 8/1985, members of the Boards can sit in more than one Board, and/or serve as an ex-officio. This is no longer recognized in UU16/2001, where not only members of the Board could not be directly involved in the daily management of the organization (as a paid management staff, e.g. Executive Director) but they could also not be in more than one Board. Furthermore, Board members are not allowed to receive any salary. In addition to the the three-tiered Board (Pembina, Pengawas, Pengurus), there would at least be one tier of Board of Management (Executive Director) with his/her Program/Division Managers under him/her.

Needless to say, presently UU 16/2001 does not affect Perhimpunan/Perkumpulan in any way.

### *Membership*

Yayasans traditionally do not have members who pay dues regularly to the organization. Perkumpulan dan Ormas, on the other hand, do. However, the term Anggota (member) is also found to be applied loosely to describe its "stakeholders". A description that defines the term "anggota" is frequently found in the AD/ART of the organization, which would be the organization's policy and legal boundaries.

### *Membership (fees/dues)*

In reference to the description of "membership" above, dues expected from the members (in the case of Perhimpunan/Perkumpulan) in theory would be the main source of income for the organization. In practice, however, this would be less than sufficient thus forcing the organization to seek other sources of financial support (such as from donors, private contributions, sales of products, etc.)

### *Eligibility for government grants/donations*

One of the advantages of being an Ormas, or an organization without a legal status (Perkumpulan, Asosiasi), is that they are eligible for government donations and/or designated grant recipient which funds are derived from GOI budget. The flip side of this very advantage is that they would not be eligible for competing in a bid for government projects. An organization must have a legal status (berbadan hukum) in order to be eligible to submit a proposal in a bid.

### *Other source of funding (not government grants/donations)*

Aside from government grants and contracts mentioned above, all three forms of organizations are not restricted to seek other source of fundings. Including seeking financial assistance from donor agencies, corporate fundings, sales of products (calendars, T-Shirts, stickers, books, etc), services, etc.

### *Change in bylaws (AD/ART)*

Under the new law (UU 16/2001) any change in the AD/ART (as archived in the State Gazette) automatically is interpreted by the government as changing the "line of business" – therefore requiring the organization to re-register with MoJ (after the notary, after the recommendation letter of a relevant technical Ministry if necessary). This does not apply for Ormas nor for Perhimpunan/Perkumpulan.

### *Income Tax (organization)*

Equipped with the tax-exemption letter from Directorate General of Tax (DirJen Pajak), a non-profit organization with a legal status would enjoy tax exemptions on income originating from grants, donations, and contributions. This applies to both Yayasan and Perhimpunan/Perkumpulan. An organization needs to have proof of tax-payment slips on

any tax-free income to the auditors, otherwise, unless it could be traced and proven – this income would be subject to tax. All other incomes (e.g. service fees, proceeds from sales of products) are subject to tax. VAT on equipment purchases may also be exempted using the DirJen Pajak tax exempt letter.

An Ormas does not have a legal status therefore legally, as an organization, it is not liable for taxes. Any other income that is not in the category of grants, donations, and contributions are subject to tax.

Obtaining the tax exempt letter would prove to be a challenge unless a high level lobbying takes place (i.e. Ministerial level, or at the very least, Director General level).

#### *Income Tax (individual, e.g. salary)*

Income tax on individuals (Pajak Penghasilan) is not exempted. However, this appears to be open to debate, as experienced and knowledgeable auditors and tax consultants who are also familiar with international donor agencies believe that the individual income tax is solely the responsibility of that of the individual's – and not of the organization's. The foundation of this school of thought is that bilateral and multilateral financial aids are tax-exempted – and if used to pay staff salaries the burden should not be placed on the donor.

#### *Liability (damages)*

Under the old law on Yayasan/Ormas (UU 8/1985), founding members are not only responsible for establishing the organization but more importantly, for their ownership of the organization's assets (positive assets would revert back to the original owners, i.e. the founding members; whereas bad credits and loans or other negative assets are not). UU 16/2001 states that Boards are liable for any damage done to the organization's assets, and that positive assets do not revert back to the original founding members. Under the new law (which becomes effective only August 1<sup>st</sup>, 2002) the GOI –in this case MoJ – would be responsible for seizing the assets upon the organization's being disbanded, and to reallocate the assets to other non-profit organization in the same line of work. All members of the Boards would be legally responsible for settling any bad credits/loans that remain upon disbandment of the organization.

For Perhimpunan/Perkumpulan, if it has a legal status, then the organization (or the legal body) is liable for damages. For a Perkumpulan without a legal status, the members are liable for any damages. Ormas has no legal status, therefore the members are liable for any damages incurred.

#### *Offices*

In many cases, Ormas is founded by the government or by interest groups (religious, political parties, ethnic groups, etc.), therefore it is of no surprise to find that Ormas has branches or affiliated offices in more than one place. It is uncommon for a Yayasan to have a branch office in other cities/towns. Those that do have offices in more than one city/town are usually branching out as program offices (e.g. Dian Desa, Bina Swadaya), or as part of their forum's network (e.g. WALHI, LBH)

## **2. Name of the organization**

The issue of naming the organization rests more on the scope of work and niche of the organization, rather than on the form or legal status of the organization. The three initial main options of the DFLGI's organization, i.e. Lembaga, Institute, and Pusat therefore need to be observed based on the semantics and the direction to where the organization would like to go.

The followings definitions/descriptions are selected from Kamus Besar Bahasa Indonesia<sup>6</sup>:

**Lem.ba.ga:** (*noun*) 1. asal mula (yang akan menjadi sesuatu); 2. bentuk (rupa, wujud) yang asli; 3. acuan; ikatan; 4. badan (organisasi) yang tujuannya melakukan suatu penuyelidikan keilmuan atau melakukan suatu usaha

**Ins.ti.tut:** (*noun*) 1. organisasi, badan, atau perkumpulan yang bertujuan melakukan suatu penyelidikan ilmiah; 2. organisasi, badan, atau perkumpulan yang bertujuan menyelenggarakan usaha pendidikan, kebudayaan, sosial, persahabatan, rehabilitasi, dsb

**Pusat:** (*noun*) 1. titik yang tepat di tengah-tengah (di bulatan bola, lingkaran, dsb); 2. pokok pangkal atau yang jadi pumpunan (berbagai-bagai urusan, hal, dsb); 3. orang yang membawahkan berbagai bagian; orang yang menjadi pumpunan dari bagian-bagian. - - data organisasi yang mengumpulkan, menampung, mengolah, dan menyajikan data perlengkapan pengolah data elektronik; - - komunikasi *Meteorologi* pusat informasi meteorologi yang mengumpulkan data untuk disebarluaskan secara internasional

In practice, all these terms are found to be used as a working title for the organization as well as names of divisions within the larger organization framework. For instance, "Institute" as a PT under the Yayasan's auspices to implement tertiary education (with degrees) programs, or "Lembaga" as a division to carry out research and surveys, or "Pusat" to denote the information resources/services as a separate division.

### 3. Finance and financial sustainability

The organizations interviewed for this project have varying degrees of financial sustainability and capacities to solicit external funding for themselves. In assessing the financial sustainability – or capacity to do so – it was apparent that there are two main aspects on financial sustainability: (1) source of funding, and (2) tax status and its implications to the organization.

#### a. *Sources of funding*

Among the most common are financial assistance (grants) to support projects, corporate and/or individual donations or contributions (no strings attached), service fees (e.g. contracts), membership fees (for associations or Perhimpunan/Perkumpulan and Ormas), sales of products (e.g. books, souvenir items, etc.). Less common but most desirable is permanent endowment funds<sup>7</sup>, followed by "sinking" endowment funds<sup>8</sup>.

In many cases, fundraising efforts were done by the Management staff by writing proposals to be submitted to donor organizations. In rare incidents, members of the Boards are actively and consistently involved in fundraising efforts (high level lobbying). Project proposals, when granted, normally would be sufficient only to cover short term projects (3 months to 2 years). Lobbying on a higher level, on the other hand, in a number of instances, was more successful in securing large amounts of funds that could be utilized over a longer period of time.

Contracts and project proposals were found normally best done at the organization's level (management) as they would be the obvious choice for technical expertise. A high level lobbying on the other hand, was more suited when done at the Board level – particularly if the members are prominent and distinguished people with clout.

Profit centers do not necessarily mean a "a for-profit subsidiary (i.e. PT) of the not-for-profit organization". Instead, it could also mean a division that stays competitive with other

<sup>6</sup> Kamus Besar Bahasa Indonesia, Edisi Kedua, Dep. P&K – Balai Pustaka, Jakarta (1996)

<sup>7</sup> the capital remains untouched, and increases with positive fund management, and the organization only enjoys the interests to support their activities

<sup>8</sup> the capital over time would reduced to zero as gradually over time monies are drawn from the account to finance activities

divisions in mobilizing resources. Each technical division would be responsible for drawing out proposals for funding, seeking contracts to implement, producing items for sale, etc.

*b. Tax status and implications*

Tax-exempt status for the organization is not easy to obtain, although not impossible. However, it would appear that the role of a tax consultant and/or auditor who is (are) well versed and articulate in international and national tax regulations – particularly that addresses not-for-profit organizations and related activities – play a critical role in the annual (independent) auditing of the books/accounts.

In addition to grants, donations, and contributions to the organization that count toward tax-free income, dividends and profits from profit centers (i.e. a commercial company established under the auspices of the not-for-profit organization, or in other words, the organization has a share in the company) are also not taxable. Interests gained from fund-management activities are also not subject to tax. The amount of tax payable, however, could still be reduced if profits (which are subject to tax) are partially used as relevant expenses. Again, the role of well versed and articulate tax consultant and/or auditor is crucial in sorting this out.

The strength of a tax-exempt letter is obvious: it reduces the potential of double taxation on any grants/donations/contributions/dividends received. It also greatly and legally increases the net income of the organization, thus indirectly contributes toward the financial sustainability of the organization.

**4. Boards**

As highlighted in Table 1 and its explanations, issues on Board compositions and roles are different between the old and new laws (see Remarks on Table 1). The non-overlapping new structure of the Boards have its advantages and disadvantages, some of which are highlighted below:

	Advantage	Disadvantage
1	No domination in steering the course of the organization	Communication flow amongst the three Boards may require extra efforts
2	Significant potentially less intervention in the daily management of the organization	Communication flow between the Boards and Management staff may require extra efforts
3	Significantly less funds are needed for Board members salaries	Not all Board members may be financially secure to serve fully on a voluntary basis
4	Diversity of knowledge, expertise, affiliations, etc. in the composition of the Board	Shortage of distinguished and prominent people with clout to sit on the Board
5	Responsibilities are evenly distributed amongst the Boards	Potential less sense of ownership to the organization

**5. Staffing system and mechanism**

There are many examples of the different staffing system and mechanism practiced by not-for-profit organizations in Indonesia. The paragraphs below highlight some of the major issues addressed by the management of organizations interviewed:

*a. Size of organization*

Based on the number of technical staff within the organization, there are 3 (three) types of organizations, namely small ("lean", or fewer than 15 full time technical staff), medium (16-25 full time technical staff), and large ("fat", or more than 25 full time technical staff) organizations. LIPI, for instance, is a large organization with all its technical staff (over 100

researchers – as *think tank* members) are full time (civil servants). Although a large number or technical expert staff may be a financial burden for the organization, it also contributes toward the organization's capacity and strength.

The larger the number of technical staff on full-time payroll, the larger the overhead costs are for the organization, unless there are flexibilities and/or special conditions that are applied in the management. Such is the case of CSIS, where each researcher enjoys the privilege of a flexibility to being involved in external projects – either as an individual or as a representative of CSIS. However, each researcher is also considered a potential fundraiser for the organization.

A medium sized organization makes savings on the overhead cost by keeping fewer technical staff as their core expertise, or by hiring technical experts on an ad-hoc basis only. Smaller (“lean”) organizations keep only a small number of technical staff – who may also double as program coordinators – and a number of associates in the “pool of technical expertise” into which they can tap (*outsourcing*). This leads to the next issue of expert/technical staff and associates.

*b. Expert staff and associates*

A lean organization is very similar to that of a private consulting company, whose technical staff for projects are drawn from the network. A small core of expert staff on strategic issues serve as full time staff, and a network of other experts (associates) are registered with the organization, to be hired on an ad-hoc basis. One major advantage of having associates locally (outside Jakarta) is that local experts are more knowledgeable on local issues, thus giving the organization more credibility in working on and addressing local issues.

As an illustration, an example of such a lean organization would be one that has (a) 1 Executive Director – who may also be a technical expert – (b) 3-5 program directors/coordinators – who would also be senior technical experts (flanked by 1-3 junior experts for each division or program), and (c) 3-6 administrative staff to provide backstopping support for the organization. This is applied by URDI (Urban and Regional Development Initiative), a relatively new (initially project based) not-for-profit organization in Jakarta.

*c. Staff benefits (insurance, leave, professional development, salary scale)*

It was interesting to note that the variations in personnel management are far and wide, ranging from a low salary scale (Rp.800,000 per month at entry level, S1 with no experience; to Rp.5,000,000 per month for the Director, PhD., with 20 years experience as a researcher), to 6 months contract renewable (Rp.9,000,000 per month for a program officer, S2 with minimum 7 years experience, to Rp.15,000,000 per month for the Director, PhD, with 15 years experience).

Staff with short-term contracts (6 months) normally do not receive insurance and medical benefits, and leave days are minimal. Staff with yearly (renewable) contracts enjoy significantly more benefits (insurance and medical) than their short-term colleagues. Some organizations register their staff with AsKes (government medical insurance).

In at least one organization interviewed, the Executive Director position is not a career path to which position staff strive to reach. Instead it is a contracted position with a fixed term. However, other senior and junior researchers in the organization are not excluded to apply for the position when the position becomes vacant. Due to the nature of this position, the job description (roles and responsibility) of the director is significantly different than those of long-term regular staff of the organization.

In other medium and large organizations, the Director position is at the top of the career path, with senior staff eventually reaching the position after 10-15 years of working for the

same organization. Upon completing the term of the directorship, the person moves up the ladder to become a member of the Board, or return to his/her previous position, or leave the organization altogether. In this type of career path, professional development opportunities among staff becomes important.

### ***B. Non-technical.***

This section's emphasis is on the "soul", or the "spirit" in establishing an organization. These include issues on the philosophy of the organization, such as credibility, acceptance, transparency, and accountability.

Ideally, the following three questions have been answered prior to establishing an organization:

- (a) Do we need a new actor in this field?
- (b) What is the strategic position and role of this organization?
- (c) What form (technical, legal) of an organization will it be that would best suit its purpose in being?

The last question is already dealt with in the *A. Technical* in this paper. The first question presumably has been answered during the preliminary assessment and setting up of the DLFGI project concept. The question that remains to be answered would then be that of the strategic position and role of the organization. In answering this question, the emphasis was placed on (1) positioning, (2) ownership, (3) lessons learnt or best practices (from other organizations).

Below are summaries on findings for each category:

#### ***1. Positioning***

It is crucial for an organization to be clear of its political position in order to gain the trust of its peer, its stakeholders, its constituents. In the case of this new organization, it should be totally independent, and adheres to good governance principles.

##### ***a. Non partisan, inclusive, independent, progressive***

One of the "flags" raised by peer organizations interviewed is to avoid being a "vehicle" for political interests (e.g. by political parties, government, religious and/or ethnic groups, etc.). At the same time, it should also avoid being an exclusive organization regarding its stakeholders and/or owners.

A good selection of respected (by any "opposing sides" if there are any) and influential (in his/her objective views and opinions) people in the Boards is the key to achieving this position of the organization.

"Inclusiveness" is not to be confused with *all-embracing*, as the organization still has to have a focus in its activities, therefore putting a natural parameters in what it does and does not address in its scope of work. Consequently, this translates into the selection of the Board members.

The term "independent" is self-explanatory, i.e. it is not used as a vehicle for any interest groups, be it from the donor, from the "owners", from the Boards, etc. This is best achieved when the organization is not dependent upon any single donor or source of funding. By being independent, it would also be able to avoid potentials of conflict of interest.

In being progressive, the organization's strategy is translated into activities that would be contributing toward an end result of new ways of thinking, of practicing, of implementing, of participating, etc.

b. *Niche and scope of work*

This relates directly to the question of strategic position and role of the organization in the current development and local governance "arena". With the mushrooming growth of CSOs (Civil Society Organizations) in Indonesia addressing issues of democracy, local autonomy, fiscal decentralization, legal drafting, etc, for this new organization to survive it has to be able to identify a niche from which it can operate securely and sustainably.

Relationship with other relevant CSOs in the same and/or similar line of work would then be that of a partnership, instead of a competitor. Failure to identify (and act upon) a niche distinguishable from other's would most likely be a weakening factor for the organization in the long run.

b. *Good governance principles*

The phrase "good governance", if used as the mission or vision of the organization, is to be practiced within the organization itself. Translated into organization management language: it practices what it preaches, a.o. transparency in organization policy, participation in program design and implementation, in budgeting, in monitoring and evaluating, in providing opportunities for the personnel to develop professionally (thus organization benefits from it), and in being accountable to its constituents and stakeholders.

The path the organization treads toward achieving and practicing good governance locally will be a challenging one. In many cases in Indonesia, practicing good governance may involve changing mindsets in what may not be a compromising way to the local government in question. This would not be an easy challenge for the organization to face.

2. "Ownership"

A "sense of belonging" is not measurable and does not have tangible parameters. It does, however, have some indicators that can be used toward ensuring the existence of a sense of belonging, a sense of ownership, toward and organization. These include among others:

a. *Stakeholders, constituency, beneficiaries*

The following are selected definitions taken from the Concise Oxford Dictionary<sup>9</sup>

**Stakeholder:** (*noun*) an independent party with whom each of those who make a wager deposits the money. *US colloq:* give financial or other support to.

**Constituency:** (*noun*) 1. a body of voters in a specified area who elect a representative member to a legislative body; 2. the area represented in this way. 3. a body of customers, supporters, etc.

**Beneficiary:** (*noun*) a person who receives benefits.

The definitions above provide clear guidelines in identifying each of the components above. A high level of awareness from the stakeholders, constituents, and beneficiaries, on their role in the organization, the benefits from the organization's activities, and the belief in the vision and mission (of the organization), as well as opportunity to participate in the shaping of its directions are some of the ingredients in forming a sense of belonging to the organization.

b. *Commitments (Board, Management, stakeholders)*

Under the new law, yayasan's Boards serve on a voluntary basis and are not overlapping (within the Boards nor in the Management). Advantages and disadvantages of this new conditions are highlighted in the A. Technical (item 4. Board).

<sup>9</sup> Concise Oxford Dictionary of Current English, 8<sup>th</sup> ed., 1990



Regardless of the technical and legal formalities of the organization, a strong Board formation would only be feasible upon establishing clear selection criteria and mechanism to implement it. Again, this relates to a number of issues discussed in various parts of this report, especially relating to the non-technical aspects of establishing an organization.

To reduce and/or avoid conflict of interest and/or domination between the Boards and Management, it is important to have a balance of authority between the two. Balance in management and board is important as both positions have the potential to be the dominant factor in steering and shaping the organization. There are three main scenarios of Boards-Management power sharing:

- (a) Strong on Board and weak on the Management: Boards have absolute power – and frequently exerts its power through interventions – even in the daily management of the organization (the Executive Director – assisted by a team of professionals – has no or minimum authority to make executive decisions)
- (b) Strong on the Management and weak on the Boards: Management (the Executive Director – assisted by a team of professionals) makes all the executive decisions regardless of the organization's policy set by the Boards
- (c) Equal and just share of power and authority between Boards and Management: the Boards set the policies of the organization regarding vision, mission, code of conduct, professional ethics, etc that applies to all Boards and Management staff equally and justly. Both the Boards and the Executive Director (assisted by a team of professionals) have mutual respect for principles and each other's input toward the organization's success, credibility, accountability, and sustainability.

One of the stakeholders' role is – in addition to also being the beneficiaries – to monitor and whenever necessary, provide evaluation services to the organization, therefore ensuring a sense of belonging and contributing to the organization's well being in the civil society community.

c. "Champion" and "critical mass"

In all of the organizations studied for this assessment, there were two factors emerging that are crucial to the sustainability of the organization; namely *champion* and *critical mass*.

*Champion*: a person of high stature/position, respected by members of the stakeholders (GOI, NGOs, local communities, etc.), influential, of excellent lobbying skills, and possessing high integrity in its person. A person who firmly believes in the vision and mission of the organization to which he/she is "belongs". His/her commitment is translated into many ways in contributing toward the success of the organization, among others, actively involved in securing the necessary legal and administrative documents through the proper channels – but at the top level of the bureaucracy system; actively involved in the fundraising and promotional efforts at any time without being asked to do so, etc. This person, who strongly believes in the integrity of the organization – also shows his/her commitment by making him/herself available for consultation at any time, and at no cost.

*Critical mass*: a number of people – in the Boards and/or in the Management team – that show commitment and integrity of that of a *champion*. Even if there is one or more factors (time, clout, influence, position, for instance) that would be limiting for one's commitment, a combination of people with exceptional qualities (ethics and professionalism) and show commitment in one area still proved to be critical to the sustainability of the organization. They make up the critical mass in the well being of the organization.

### 3. Lessons learned

Throughout the assessment period, there was a common theme that kept emerging from the interviews, i.e. lessons learned from the current regulations environment. The three lessons learned are:

#### a. *Conflicting interpretations of laws*

Specifically in the laws regulating non-profit organizations in the form of Perkumpulan (or Perhimpunan): law practitioners refer to the Staadblad 1870, GOI refers to UU 8/1985. Both practitioners use the same terms (Perkumpulan and Perhimpunan) to describe the same "entity" but with different semantics. In several instances, the GOI has contradicted itself by forming an Ormas (e.g. KADIN) with a legal status and treating it as a Yayasan. In many cases, the laws are inadequately phrased therefore giving room for multi-interpretation possibilities (including who would the law enforcing agents be).

#### b. *Potential trend to shift from Yayasan to Perhimpunan/Perkumpulan*

The NGO community for a long time has been rather skeptical about the need for a law that regulates –indiscriminately– non profit organizations (NGOs, CSOs) that work at the local level. It was widely believed by the NGO/CSO communities that UU 16/2001 was issued as an effort toward combating money laundering activities using Yayasans as a "front". However, this law is generic and all encompassing in nature, therefore leaving smaller and/or large NGO/CSOs with integrity be penalized for something that they not only did not do – but more importantly, are principally very much against. In hindsight, the UU 8/1985 is felt to be more accommodating (except for the DirJen SosPol at MoHA registration requirement) for the NGO/CSO communities.

The separation of roles and duties for the Boards, which is viewed as a positive move toward fair and just responsibilities and commitment to the organization, is however rather difficult to practice in Indonesia (see 4. Board – Advantages and Disadvantages). Furthermore, the clause on limited allowable assets to be invested (maximum 25%) in UU 16/2001 puts organizations with endowment funds in a bind – as their endowment funds could be considered as being invested in its entirety (100%) by their fund-managers (i.e. reinvested in bonds, shares, stocks, etc.)

Already there is a preparatory movement toward shifting the legal status of NGOs/CSOs, in Jakarta at least, from being a Yayasan to a Perhimpunan. The reason mainly is due to the fact that – *de facto* – Perhimpunan (Perkumpulan of people and/or associations – with a legal status) enjoy the same benefits as both Yayasans and Ormas (legally and financially). Understandably, currently it does not appear to be a high profile movement for obvious reasons.

At the other end of the spectrum, there lies the opinion that should the legal status of the organization become a hindrance or a problem, the organization could easily change its legal status from one form to another.

#### c. *Potential change in government regulations on yayasan, perhimpunan, ormas*

The current atmosphere amongst the leading NGOs/CSOs in Jakarta is that of a "wait and see" attitude. Not quite apathy, but not that far from it. The reason being that regardless of what UUs in existence that regulate not-for-profit organizations, the fact remains that the law enforcement factor is still very weak, and that organizations would still able to function and operate as "business as usual". The role of a lawyer, on the other hand, appeared to be crucial in both the preliminary/preparatory stages of establishing the organization (e.g. input in the legal language implications of the AD/ART, interpretations of contract and/or tax clauses, etc).

Given the political situation in the past three years since the overthrow of Soeharto regime in 1998, it would appear that unpredictability in the political elite would still the norm. The "wait and see" attitude also reflects the assumption that low profile small pressure groups may end up changing the political and policy constellation. In contrast, high profile pressure groups with large media coverage may – or may not – be successful in creating (positive) changes.

#### IV. Conclusion and recommendations

This paper offers a single conclusion only for the DFGLI team in setting up the organization: *that it is in compliance with the GOI laws and regulations whilst at the same time enjoying the optimum tax/financial benefits that contribute to the financial sustainability of the organization.* However, since the current laws and regulations remain to have their weaknesses and loopholes, this conclusion and the following recommendations have to be taken with a pragmatic approach.

In general, the laws and regulations appear to be weak and/or inadequate, which means that the the Center needs to be established which would allow it to be adaptable to a wide range of probabilities.

In addition to the conclusion above, the following are recommendations based on lessons learned during the assessment period:

##### A. "Political" approach

##### 1. Neutral, progressive, inclusive, non-partisan, professional, independent

All of the above need to be clearly defined from the birth of the organization, and be vigilantly maintained throughout its existence. The organization's credibility, acceptance, accountability, and integrity, will all be proven over time. It would nonetheless be challenged from time to time, by the constituents, by the stakeholders, by the beneficiaries. By all those who are aware of the positive changes and benefits the organization has to offer on the civil society in Indonesia.

##### 2. Include several key board members (preferably high profile) to be involved in the organization as early as possible.

The stage is perfectly set for high profile, high commitment, high integrity key actors to be involved in the early stages of this organization's being. Names that are "plucked from the blue sky" has often proven to be less than useful if they were introduced into the organization at a later stage (for instance, shortly before the formal launching/inauguration of the organization). By involving these actors at the early stage, it is hoped that a strong sense of belonging would be better instilled in their person – thus contributing toward the sustainability of the organization.

##### 3. Include at least 50% of women in the Boards and Management/Staff

Over 50%<sup>10</sup> of Indonesia's population is female. Unfortunately, of this, political representation in the legislative arm of the government (parliament) is 8% at the national level (MPR, DPR), and ranging from 0% to 5% at the local level (DPRDs at Kabupaten/Kotamadya level). Even though the percentage is slightly better at the executive arm of the government, the majority is at low-level administrative positions. The organization to be set up by DFGLI need to be aware of this fact, and needs to exert extra efforts into ensuring better representation of the female population in the Boards and

<sup>10</sup> currently data cited by many organizations and the media as ranging between 51-57%

Management, if necessary, by affirmative action to ensure a 50% representation of women in the organization at both policy and management positions.

The objective of this recommendation is purely technical, even if the approach is political. Neither men nor women can fairly claim that they are far more knowledgeable and aware of the opposite gender's needs and thus know all the answers or how to address the issues. By placing a balanced proportion of both genders in the organization in key positions (policy and decision-making) the organization proves to the stakeholders, the constituents, the beneficiaries, etc. that it applies equal opportunity and not-gender biased across the board. This, in its own right, is a progressive approach.

**4. Two options of organizational models to choose from: (a) Yayasan, (b) Perhimpunan/Perkumpulan.**

Similar to the explanation on gender involvement in the Boards and Management team, the approach toward this recommendation is political even if the objective is technical. Current conditions and NGOs/CSOs response toward the old and new UUs on not-for-profit organizations discussed in section III. Findings. B. Non-Technical point 3. Lessons Learned is the foundation for this recommendation.

Should the stakeholders, founders, and/or "owners" of this organization wish to work within clear guidelines under the legal framework of the organization, regardless of the socio-political implications amongst its peer group, a Yayasan would best suit the need of the organization in question. However, should the organization be able to remain working within the legal framework and enjoy benefits (the best of the two worlds) and remain politically correct in its peer group – a Perhimpunan/Perkumpulan would also suit the needs of the organization. In either case, a lawyer and a tax consultant who are well versed in the legal intricacies of NGO/CSO existence and who have extensive understanding of the system on both sides (*de jure* and *de facto*) need to be consulted regularly and continuously in the process of establishing this organization.

**B. "Technical" approach**

**5. Clear focus on the stakeholders and constituents**

Stakeholders and constituents need to be clearly identified and in line with the vision and mission of the organization. Failure to do so would weaken the strategy, the focus, the impact of organization on the beneficiaries, etc. It would also put an unclear picture of their niche in the civil society work arena, consequently, it weakening their bargaining position in securing donor agencies trust and funds and in securing contracts/grants. Should this bleak picture presents itself, the sustainability of the organization would become a big question. The civil society in general would be feeling the (negative) impact the most.

**6. Balanced authority on organizational management between Governing Board\* and Executive Staff.**

A succinct and informative explanation on section III. Findings. B. Non-Technical: 2.2. Commitments (Board, Management, stakeholders) is the foundation of this recommendation. The organization needs to have a strong but balanced power and authority between the three Boards and the Management team. This links to the balance of authority and in gender outlined above. The objective of this recommendation is that, while providing the policy guidelines toward achieving the organization's vision and mission, the Boards also place a good system and mechanism of trust toward the professional management team that runs the organization on a daily basis.

## 7. Investment opportunities toward financial sustainability of the organization

To date there has been positive and negative examples of financial management and sustainability of not-for-profit organizations in Indonesia. Kehati – who benefited from an initial endowment fund of US\$16.5 million in 1995 – provides an excellent case study to be further pursued in how the organization manages its funds. Other organizations that have endowment funds (permanent or sinking) also need to be further studied and lessons learned applied to this new organization. The objective of this recommendation is for the organization to be aware and knowledgeable of as many fund-raising efforts as possible, including professional fund management efforts other than the traditional path of grants, contributions, and contracts seeking mode.

## 8. Obtain accepted international standards on accounting

In the interest of the organization's future relationship with USAID, and possibly with other international donor agencies, it is highly recommended that the organization put in place an internationally recognized accounting standard/system. For the immediate future, at the very least one that is approved by USAID. Normally this would entail implementing accounting proprietary software such as QuickBook, MYOB, etc. and the books are audited by an independent auditor already approved by USAID. Once the system and trust by USAID is secured, the organization would enjoy benefits of direct MOU as grantee/partner and/or contractor for USAID (as opposed to being a grantee/partner to other USAID's grantees/partners/contractors such as the Asia Foundation, CSSP, NDI, IRI, etc.)

All of the above recommendations are feasible to be implemented in the next 6-12 months providing the current main stakeholders (USAID and the local government associations already working in the team) did not encounter any major problems in the collaboration.

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*"...What is civil society? It stands for all the initiatives and organizations that emerge through the free will of their members for the sake of an issue of common concern, or mutual benefit, or principle that its advocates believe in. Free will is the core." Professor Saad El Din Ibrahim Professor of Sociology at AUC and leading Egyptian Human Rights Defender*

## Appendix A

### SCOPE OF WORK

Name of Consultant(s): S. Juliani  
Short-term Assessment of Legal, Administrative, Financial  
and Other Relevant Aspects of Indonesian Organizations

UI/Chemonics Contract: SUM IQC No.  
LAG-I-00-99-00036-00

Project Name: Development of the Foundation for Local Government  
Innovation

Period and Place of Performance: 15 December 2001 through 31 January 2002  
(18 working days LOE)  
Jakarta, Indonesia

UI/Chemonics Chief of Party: Leroy Hollenbeck

#### Purpose:

Undertake a comprehensive review and assessment of various selected legal types of organizations in Indonesia as input for the DFLGI Project Team in determining the most suitable organization for fulfilling the Project's mandate of establishing a "foundation" for local government innovation. This "center" or "foundation" has the following characteristics:

- Independent in nature;
- Provides services to local governments through their associations, but possibly also to various other parties related to local government management;
- Services range from information up to research and arranging events;
- May receive regular contributions from its users or "owners", may have its own sources of income, and should become financially independent.

#### Specific Tasks:

The consultant team will perform the following tasks:

1. Collect, review, assess and analyze available current Indonesian laws, regulations (i.e., UU 16, 2001; UU 8, 1985) and other relevant documentation regarding local organizations, including, but not limited to, the following: yayasan, lembaga, center, institute, foundation;
2. Interview representatives (preferably a minimum of three in each identified category of organization including those mentioned in point 1. above) from both domestic and international organizations with operations in Indonesia with the objective of obtaining detailed information on their legal status, tax implications; by-laws; Board composition; roles and responsibilities; and other relevant data; particular attention should be given to legal and financial implications of second party grants, endowments and/or other donations to such organizations;

3. Prepare a report, a matrix format (sample attached) is optional, on the results of the assessment detailing the strengths and weaknesses of each organization investigated/reviewed based on the selected criteria;
4. the Team will meet with UI/Chemonics and/or USAID at the commencement of the assessment, during the process and at the end of the assignment.

**Deliverables:**

The Review & Assessment Team is required to prepare and submit the following deliverables to the Chief of Party and the Local Government Specialist in both hard copy and electronic format:

- A report in English and Indonesian of the results of the review and assessment sufficiently detailed to assist the DFLGI Project Team in selecting the most suitable type of organization for the Project.

A first draft report is due to the Chief of Party and the Local Government Specialist no later than 8 January 2002. A revised draft report is due by 16 January 2002 at the latest. The final report is to be submitted no later than 31 January 2002.

**Sample Organization Assessment Matrix**

Criteria Type of organization	Criteria/attributes						
	Tax issues	Board issues	Ownership issues	Legal issues	Admin issues	Finance issues	Other permit issues
Yayasan							
Lembaga							
Center							
Institute							
Foundation							
Others							

## Appendix B: Workplan

Person-days calculation  
 S. Juliani (SJ), Azwar Hasan (AH) - 15 December 2001 - 31 January 2002  
*Development of the Foundation for Local Government Innovation*

	Activity description	SJ	AH
1	Data gathering (Laws and Regulations)	2	2
2	Interviews with National NGOs with endowment funds (2)	1	0
3	Interviews with local research institutes (2)	1	1
4	Interviews with "training/education centers" (2)	1	1
5	Interviews with national network NGOs (2)	1	1
6	Interviews with internationally established local NGOs (project based) (3)	1.5	0
7	Interviews with Ormas (2)	1	1
8	Interviews with government established NGOs (2)	1	1
9	Interviews with professional associations (e.g for certifications) (2)	1	1
10	Interviews with GOI (MoJ, SetKab)	0	1
11	Meetings with UI/Chemonics/DLG USAID	3	1
12	Workshop with Yayasan OTDA	1	1
13	Report Writing	3.5	1
	<i>subtotals</i>	<b>18</b>	<b>12</b>
		Juliani	Azwar
	<b>Total person days</b>	<b>30</b>	



## 18 December 2001 - 31 January 2002

Development of the Foundation for Local Government Innovation

Activities	December 2001							January 2002						
	Tu	We	Th	Fr	Sa	Su		Tu	We	Th	Fr	Sa	Su	
Preparation	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Workplan, format design														
Data collection														
Interviews														
NGOs, GOI, Tax and Law consultants														
Meetings														
USAID														
Chemotics														
Workshop														
Report production														
Draft submission														
Presentation														
Final submission														

# Appendix C: List of People Interviewed

## List of Interviewees for DFLGI

18 December 2001 - 14 January 2002

Nama	Organisasi	Jabatan	Kontak	Alamat	Keterangan
1. Ismid Hadad	Yayasan Kehati	Direktur Eksekutif	P: 522 5830, 1,2 F:	Patra Jasa Lt. 2 Jln. Gatot Subroto Jakarta Selatan	<ul style="list-style-type: none"> <li>• Pendiri Redecon, Indoconsult, LP3ES, REMDEC</li> <li>• Board member Kehati, DML, YBUL</li> </ul>
2. Gustav Lumituu	Yayasan Kehati	Direktur Keuangan	P: 522 5830, 1,2 F:	Patra Jasa Lt. 2 Jln. Gatot Subroto Jakarta Selatan	<ul style="list-style-type: none"> <li>• ex Direktur Keuangan PACT</li> <li>• Board member of PAKTA</li> </ul>
3. Tini Sadarini	Yayasan Coca Cola Indonesia	Chief Executive Operating Committee	P: 574 0525 F: 574 0561	Wisma GKBI Lt 6 Jln. Jend. Sudirman 28 Jakarta Pusat	
4. Chandra Mukti	PAKTA	Direktur	P: 7919 8387	Jln. H. Makhmud III / 8 Pasar Minggu Jakarta Selatan	<ul style="list-style-type: none"> <li>• ex Program Officer, PACT</li> </ul>
5. Kusumo	CARE	Deputy Director	C: 0811 952 684	Jln. Pattimura 34 Kebayoran Baru, Jakarta Selatan	
6. Wilarsa Budihargo	REMDEC	Director	P: 315 6907, 8	Jl. Salemba 39 Jakarta Pusat	Advisor to Kehati
7. Dr. Zarfiel Tafal	PKBI	Direktur Pelaksana	P: 720 7372	Jln. Hang Jebat IV, Kby Baru, Jakarta Selatan	
8. Imam Achmad	LP3ES	Direktur	P: 567 4211	Jl. S. Parman 81, Slipi Jakarta Barat	
9. John Strain	MoHA	Konsultan AusAid (?)	P: 350 6502 C: 0818 198 782	Jln. Veteran, Jakarta Pusat	Advisor to Yayasan Semeru

Nama	Organisasi	Jabatan	Kontak	Alamat	Keterangan
10 Greg Churchill	Ali Budiardjo, Nugroho, Reksodiputro Law Firm	Senior Advisor	P: 250 5125, 2505136 F: 250 5001	Graha Niaga, 24 <sup>th</sup> Floor Jln. Jend. Sudirman Jakarta Selatan	<ul style="list-style-type: none"> <li>Helped founded a number of nonprofit organizations in Indonesia</li> <li>Legal Advisor/Consultant for SMERU</li> </ul>
11 Sudarno S. PhD	Yayasan Smeru	Direktur	P: 336 336		
12 Sri Probo Sudarmo	USAID - Office of DLG	Program Officer	P: 3435 9372	Jln. Merdeka Selatan 4 Jakarta Pusat	
13 John Wegge	USAID - Office of DLG	CTO	P: 3435 9372	Jln. Merdeka Selatan 4 Jakarta Pusat	
14 Hadi S. PhD	CSIS	Ketua Harian	P: 386 5532 F: 380 9641	Jln. Tanah Abang Timur III/8 Jakarta Barat	<ul style="list-style-type: none"> <li>Board member of Tifa Foundation</li> <li>Board member of KPPOD</li> </ul>
15 Drs. Sudiman	LAN	Kepala Bidang Kelenbagaan	P: F:	Jln. Administrasi Negara	
16 DR. Ir. Bima H.W.	Bappenas	KaBiro Analisis Investasi dan Pasar Modal	P: 314 8551 F: 314 3733	Jln. Taman Suropati 2 Jakarta Pusat	
17 Darwina	Yayasan Tifa	Program Officer	P: 527 5293 F: 527 2861 C: 0818 755 188	Grha Surya Internusa Suite 301, 3 <sup>rd</sup> Fl Jln. H.R. Rasuna Said Jakarta Selatan	<ul style="list-style-type: none"> <li>ex Deputy Director YPAN</li> <li>ex Program Officer TNC</li> <li>ex Program Officer CPIS</li> </ul>
19 Iskandar	Deputy Director	Project Concern Indonesia (PCI)	P: 722 1136 (O) P: 530 4783 (H)	Jln. Tirtayasa Raya 51 Kebayoran Baru Jakarta Selatan	<ul style="list-style-type: none"> <li>ex Deputy Director, CARE Kenya, CARE Indonesia</li> </ul>
20 Roy Tjiong	Deputy Director	Hellen Keller Indonesia	P: 7198147 F: 7198148	Jl. Bungur Dalam 23 A-B, Kemang - Kebayoran Baru Jakarta Selatan	<ul style="list-style-type: none"> <li>Board Member, Associate Consultant, REMDEC</li> </ul>
21 Wicaksono Sarosa, PhD	Director	URDI	P: 391 8485 F: 391 6095	Wisma Bakti Mulia Lt 5 Jln. Kramat Raya 160, Jakarta Pusat	