

**The Synergos Institute
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in Southeast Asia**

The Japan International Cooperation Agency's Community Empowerment Program (Indonesia)

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GLOSSARY

		ODA	Overseas Development Assistance or Official Development Assistance
ADB	Asian Development Bank		
Bappeda	<i>Badan Pembangunan Daerah</i> (Regional Development Agency)	OECD	Organization for Economic Co-operation and Development
Bappenas	<i>Badan Perancang Pembangunan Nasional</i> (National Planning Board)	OECE	Overseas Economic Co-operation Fund, Japan
CEP	Community Empowerment Program	OTCA	Overseas Technical Cooperation Agency
CSRO	civil society resource organization	<i>reformasi</i>	reform movement (applied generally to period following collapse of Suharto government in May 1998)
DAC	Development Assistance Committee, Organization for Economic Cooperation and Development	Setkab	<i>Sekretariat Kabinet</i> (Cabinet Secretariat)
IMF	International Monetary Fund	SMEs	small and medium-sized enterprises
JICA	Japan International Cooperation Agency	TOR	Terms of Reference
KSM	<i>kelompok swadaya masyarakat</i> ("self-reliant community groups")	UNDP	United Nations Development Programme
LML	Lembaga Mitra Lingkungan (Environmental Partner Institute)	Womintra	Women in Transition
M&E	monitoring and evaluation	YAO	Yayasan Alfa Omega (Alfa Omega Foundation)
MITI	Ministry of International Trade and Industry, Japan	Yayasan Mardika	Mardika Foundation
MOF	Ministry of Finance, Japan		
MOFA	Ministry of Foreign Affairs, Japan		

Executive Summary

The civil society environment has changed dramatically in Indonesia since the fall of the Suharto regime in May 1998. At the same time, there have also been shifts in the philosophies and methodologies of donor agencies. Overseas development assistance (ODA) agencies are moving away from top-down and often-times top-heavy development programs to focus more attention on participatory mechanisms and are demanding greater accountability and impact.

These changes in policy orientation are very much in evidence in the aid and technical assistance programs being implemented by Japan over the last several years. To ensure that development programs reflect actual needs, attention is now being directed towards country-specific planning and to working with organizations at the grassroots level, such as non-governmental organizations (NGOs) and community groups.

The work of the Japan International Cooperation Agency (JICA) has mirrored these developments, which have been reflected internally in agency restructuring and budgetary readjustments since the mid-1990s. Cost efficiency and achievement of measurable and pertinent results are new priorities for the agency, including for its work in Indonesia, a primary recipient of Japan's ODA.

As part of these policy changes, JICA has been implementing a new program that promotes partnering with NGOs to conduct technical assistance with local communities and grassroots organizations. The Community Empowerment Program (CEP) was first established in Latin America and Southwest Asia in 1997. It was formally inaugurated in Indonesia in 1999, following the country's intense economic

crisis and the political upheavals surrounding the resignation of President Suharto.

In Indonesia, CEP replaced an earlier JICA program that worked with local NGOs to channel emergency assistance provided by the Japanese government during the height of the Asian economic crisis, which first began to affect Indonesia in late 1997. As Indonesia's economic and political situation has stabilized, however, JICA has moved away from this kind of "social safety net" program. CEP is designed with broader goals and a wider mandate than what was intended during the crisis period of 1997-98.

Since CEP's inception in Indonesia, it has been partnering with local NGOs in South Sulawesi and East Nusa Tenggara. It will expand its geographic breadth to the rest of Indonesia in 2001-02.

Two CEP partners are Alfa Omega Foundation and Women in Transition (Womintra). Both NGOs are headquartered in Kupang, West Timor, the provincial capital of East Nusa Tenggara. These two NGOs are using CEP support to develop village-based self-help groups that will empower local communities through capacity building and enhancement of economic growth. With this focus on community strengthening and poverty reduction, CEP's director, Mr. Motoyuki Nishida, also hopes to generate recognition of NGO program planning and results by relevant government development agencies in Indonesia, and to create more synergy between civil society programs and government planning initiatives.

Since the program only began in Indonesia in 1999, its final impact cannot yet be forecast. But its structure is providing a new way for local NGOs to access ODA funds that can then be directed towards the real needs of local

communities. CEP's emphasis on direct assistance to local communities means that the NGOs or civil society resource organizations (CSROs) that conduct the programs are primarily the conduits rather than the direct recipients of the ODA funds and technical assistance. CEP does not therefore necessarily help its partners make any direct gains in sustainability. But NGOs and CSROs can use the support offered by CEP to energize their organizations and improve overall capacity for the long term.

CEP encapsulates a new model for JICA programming that supports the positive benefits of working with NGOs. It helps promote a process that makes people more responsible for their own development, instead of entrusting their destinies to often-unwieldy bureaucracies or ineffective government policies. The program responds to current global thinking on development assistance and to the Japanese government's own efforts to redirect ODA policies to a more grassroots level.

¹ The Consumer Price Index rose 80 percent between January 1997 and November 1998. World Bank, Indonesia Country Assistance Strategy - Progress Report, Report No. 18963 IND (March 1999), p. 3.

Recent Events in Indonesia

From 1966 to 1998 Indonesia was governed by the authoritarian New Order regime of President Suharto, a military general. The emphasis of New Order policies was on economic growth and national development, coupled with a general pattern of political engineering that restricted or banned freedom of speech, the right to organize and the independence of mass and social organizations. Although a climate of greater political openness began developing in the early 1990s as Indonesian economic growth accelerated, the Suharto government continued to deflect challenges to its legitimacy and restrict the range of debate on its policies and practices.

Under these conditions, it is not surprising that civil society was extremely weak and existed primarily in the form of forums and organizations or media that were either allied with the government, or were oriented primarily towards charitable efforts that were acceptably non-controversial. Although independent non-governmental organizations (NGOs) did begin to emerge in the 1980s, government regulations made it very difficult for them to conduct activities at the grassroots level.

The Asian Economic Crisis and the Fall of the New Order

Most Indonesians see the Asian economic crisis that began in 1997 as a primary cause for the collapse of Suharto's government in 1998. As the crisis took hold, the Indonesian rupiah collapsed in value in relation to the dollar, upsetting import and export balances and stimulating spiraling inflation.¹ Private banks, already awash in bad debts, began to fail and close, eliminating access to credit and generating increased unemployment.

The deteriorating economic conditions led to growing turmoil within the society, exemplified by the emergence of a nationwide student protest movement in 1998 and escalating dissatisfaction with the regime. The shooting deaths of several student protestors in Jakarta and the outbreak of riots in May 1998 targeting Indonesians of Chinese descent prompted the defections of key allies within the government and led soon thereafter to Suharto's resignation, and the inauguration of his vice-president, B.J. Habibie, as the country's new president.

This dramatic change in the status quo ushered in an entirely new period in Indonesian political life, including, in 1999, the holding of the country's first democratic elections in more than three decades.

Post-Suharto Indonesia

The government of President Abdurrahman Wahid, inaugurated in 1999, has been slow to address the deep-rooted problems that stand as legacies of Suharto's 30 years of authoritarian rule. Endemic corruption, ethnic and religious conflict, and separatist activities in the provinces of Aceh and Papua (Irian Jaya) are just some of the issues facing Indonesia as it continues its transition to democracy post-Suharto. Infighting among Indonesia's political elite is another area of concern. Political maneuvering, highlighted by conflict between the legislative and executive branches, is undermining Wahid's government and diminishing his legitimacy, while posing the question of whether his administration will survive through the end of his term in 2004.

Less dramatic but potentially far-reaching problems are also developing with the Wahid government's introduction of decentralization policies first outlined under the Habibie adminis-

² Hamish McDonald, "World Bank tightens screws on Indonesia as fears grow of a permanent debt trap," *Sydney Morning Herald*, 24 February 2001.

tration. Although these policies were originally intended to bring about greater autonomy for Indonesia's regions, the regulations to implement them are still being formulated or remain unclear. Under these circumstances, many observers fear that local government officials have not been adequately prepared for decentralization and lack the governing skills to carry it out effectively.

Indonesia's economy also continues to stagnate, and both the World Bank and the International Monetary Fund (IMF) have expressed their concerns about the government's lack of resolve in implementing structural reforms, particularly in the banking sector, to generate economic growth. Other analysts are warning about the high level of debt the government is taking on, with 40 percent of the government's operating expenditure in 2000 going to service its debt obligations. Indonesia's debt currently stands at US\$262 billion, or 170 percent of GDP.² This heavy debt burden makes it difficult for the government to generate significant budgets for development or other purposes.

³ World Bank, "Indonesia: Accelerating Recovery in Uncertain Times," a brief for the Consultative Group on Indonesia, Report No. 20991-IND (East Asia Poverty Reduction and Economic Management Unit, October 2000), p. 30.

⁴ See Pusat Informasi Nasional-Jaring Pengaman Sosial, "Poverty Reduction Strategy in Indonesia," prepared for the Consultative Group for Indonesia, Tokyo (October 2000).

⁵ *Ibid.*

⁶ In 1998, almost 80 million people, or 39 percent of Indonesia's population, was said to be living below the poverty line, a substantial increase from the 11 percent incidence of poverty reported in 1996. (Jenny Grant, "Half population faces life below the poverty line by year's end," *South China Morning Post*, July 3, 1998).

Overseas Development Assistance in Indonesia

Indonesia's major donors for development programs include multilateral lending agencies, such as the World Bank and the Asian Development Bank (ADB), as well as various bilateral aid agencies, such as the Australian Agency for International Development (AusAID), Canadian International Development Assistance (CIDA), Department for International Development (DfID), Gesellschaft für Technische Zusammenarbeit (GTZ), Japan International Cooperation Agency (JICA), the U.S. Agency for International Development (USAID) and the European Union. International organizations and foundations active in Indonesia include the Ford Foundation, The Asia Foundation, Oxfam/UK, Friedrich-Ebert-Stiftung, and the Netherlands Organization for International Development (NOVIB).

During the Suharto era, overseas development assistance (ODA) augmented the government's emphasis on economic development. Infrastructure projects were central to this approach, as were programs oriented towards such goals as increasing agricultural production, particularly rice production, and improving public health. However, although generally seen as effective in reducing levels of poverty and improving living standards, this kind of development assistance was not necessarily focused on community empowerment. In fact, the regime's centralized and bureaucratic decision-making processes frequently promoted the interests of local officials and groups loyal to the regime over the genuine needs of targeted communities.

The World Bank has recently supported this conclusion, by noting that Indonesia's development programs during the New Order tended to

be insufficiently funded, unresponsive, overly bureaucratic and inflexible, and uncooperative with pre-existing local groups, such as community-based organizations.³

Meanwhile, the Indonesian government has also acknowledged the lack of participatory mechanisms during the Suharto years:

In the past, our governance structure resulted in top-down decision making, with Bappenas [National Planning Board], the line ministries and donor agencies playing a central role in design, implementation and monitoring of programs. This often produced unsatisfactory outcomes. To redress these problems the government is now working to improve transparency and accountability in the planning and implementation process.⁴

The government's new strategy for poverty reduction, for example, stresses promoting economic opportunities for the poor by "fostering rapid sustainable growth, strengthening local governance and community participation through decentralization, and providing effective public services."⁵

ODA Responses to the Economic Crisis

Although many bilateral and multilateral agencies began to scale back their support for development programs in Indonesia in the 1990s when the country was showing sustained levels of economic growth, the onset of the Asian economic crisis dramatically reversed this picture. The international donor community was called upon to focus its attention once again on Indonesia as the poverty rate soared,⁶ and as government revenue projections collapsed.

As the crisis intensified, the Suharto government invited the International Monetary Fund (IMF) to map out an economic rescue package that

⁷ "Aid at a Glance," OECD Development Assistance Committee, <http://www.oecd.org/dac/htm/agdac.htm>

(updated January 2001)

⁸ Nilanjana Mukherjee, Draft Consultations with the Poor in Indonesia, Country Synthesis Report (World Bank, Poverty Reduction and Economic Management Network, August 1999), p. 87.

⁹ See Social Monitoring and Early Response Unit, "Results of a SMERU Rapid Field Appraisal Mission: Preparation Stage of the Implementation of the PDM-DKE Program in Four Provinces," March 31, 1999.

¹⁰ Asian Development Bank, "Country Assistance Plan (2000-2002)" [hereafter ADB CAP] (January 2000), pp. 10-13.

¹¹ Mark Baird, "If Indonesia helps itself, the World Bank can offer more aid," International Herald Tribune, 3-4 March 2001.

¹² See The World Bank, "Memorandum of the President of the International Bank for Reconstruction and Development, the International Development Association, and the International Finance Corporation to the Executive Directors on a Country Assistance Strategy of the World Bank Group for Indonesia," Report No. 21580-IND [hereafter WB CAS] (February 8, 2001).

would allow it to continue functioning. The World Bank and ADB also assembled aid packages worth hundreds of millions of dollars, including pledges of bilateral assistance. In 1998, the net amount of ODA provided to Indonesia amounted to almost US \$1.3 billion, and this figure increased by another US \$1 billion the following year.⁷ These totals do not include the US \$5 billion credit facility approved by the IMF for Indonesia beginning in late 1997.

The aid provided to Indonesia during this period that was intended for local communities, and the poor in general, was directed towards food-for-work programs, provision of medical supplies and medicines (including contraceptives), distribution of subsidized rice, scholarships for poor children to stay in school and so forth.

However, corruption, ineffective implementation by village leaders, and the lack of specific criteria to ascertain who was most needy or impoverished meant that programs did not always reach target communities.⁸ The programs were also not structured to promote sustainability or self-sufficiency for more far-reaching or longer-term benefits.⁹

ODA After the Crisis

As the worst effects of the crisis abated, multilateral and bilateral agencies began moving away from emergency support programs to re-emphasize the objectives of sustainable development. ADB's Country Assistance Plan for Indonesia for 2000-2002, for example, downplays a social safety net approach in favor of more sustainable programs to improve public services in education, health and nutrition.¹⁰

The World Bank's new Country Assistance Strategy also underlines more broad-based program priorities for the medium-term, as encapsulated in the comments of Mark Baird,

the World Bank's Country Director for Indonesia, in March 2001:

During the crisis, much of our assistance was in the form of budget support to protect public services from disruption and fund social safety net programs. Over the next three years, we will move back to primarily funding projects which support social services like primary education and health care, and basic infrastructure, such as water supply and rural roads, for the poor.¹¹

The Country Assistance Strategy outlines several "demand-responsive" programs to help the poor. "Demand-responsive" means paying attention to a wider range of stakeholders and emphasizing the benefits of coordination and discussion with local communities and civil society organizations in design and implementation. The Bank also highlights civil society monitoring as being a key part of these "pro-poor" programs to address corruption concerns and broaden dialogue.¹²

The World Bank and the ADB have also recently spearheaded the establishment of a new funding mechanism entitled the Partnership for Governance Reform. The Partnership, which is under the administrative umbrella of United Nations Development Programme (UNDP), provides funds to programs that support the growth of more effective, transparent and accountable government at the national and regional levels.

Accountability and community participation, including community empowerment and attention to local aspirations, are thus becoming key watchwords for development planning in Indonesia, both within government itself and for multilateral and bilateral agencies.

¹³ OECD, "Aid at a Glance," www.oecd.org/dac/images/AidRecipient/indn.gif

¹⁴ An overview of the various Japanese agencies and ministries involved in ODA can be found in Beaudry-Smocynsky, Micheline and Chris M. Cook, *Japan's System of Official Development Assistance, Profiles for Partnership No. 1* (Ottawa, International Development Research Center, 1999).

¹⁵ Japan International Cooperation Agency, *Annual Report 1999* [hereafter JICA AR 1999] (October 1999), p. 40.

¹⁶ See Keiko Hirata, "New Challenges to Japan's Aid: An Analysis of Aid Policy Making," *Pacific Affairs* 71:3 (1998), p. 322.

¹⁷ JICA Indonesia informational pamphlet.

Japan's Development Assistance to Indonesia

Japan is the most significant donor to the Indonesian government in bilateral terms, with the total amount of aid provided to Indonesia substantially exceeding assistance from other countries (see Appendix A). According to figures maintained by the Organization for Economic Co-operation and Development (OECD), Japan provided an average of US\$ 1.2 billion in aid to Indonesia in 1998-99. The second largest donor was the United States, which provided US \$122 million. The third largest ODA donor was Germany, with US \$97 million.¹³

Japan's ODA policies are designed and implemented by a number of ministries and agencies. The most prominent is the Ministry of Foreign Affairs (MOFA) although the Ministry of Finance (MOF) and Ministry of International Trade and Industry (MITI) also play very important roles. MOF is responsible for foreign loans, while MITI promotes private sector interests and involvement in overseas development. MOFA coordinates ODA disbursed through the Japan International Cooperation Agency (JICA), the Japan Export-Import Bank and Overseas Economic Co-operation Fund (OECF).¹⁴

JICA in Indonesia

The Japan International Cooperation Agency (JICA) has been operating in Indonesia since 1969, when it was established as the Overseas Technical Cooperation Agency (OTCA). The agency changed its name to JICA in 1974. Its office in Indonesia is now one of its largest country programs.

JICA initiates Japan's ODA programs covering technical cooperation and assistance. Its mandate worldwide is to support "the autonomous and sustainable development of

the economies and societies of developing countries."¹⁵ It reports to MOFA, but does not have a direct role in policy-making.¹⁶

JICA primarily supports technical cooperation in the form of training programs, including sending people from developing countries to Japan as well as sending specialists from Japan to developing countries, and by providing equipment and material for development purposes. It also supervises disbursement of grant aid in specific areas of need.

Prior to the emergence of the Asian economic crisis period in 1997, JICA's objectives in Indonesia for the medium- to long term were:

- Achieving equality – poverty alleviation, assistance for basic needs in health care and living conditions, and population control and family planning
- Human resource development and education – improving primary and secondary education and teacher quality, and improved education for technical experts;
- Environmental conservation – support for conservation efforts, sustainable resource use, improving urban conditions and reducing pollution, and building institutions that can manage environmental issues
- Support for industrial restructuring – assistance for macroeconomic policy management, promotion of industries and agricultural diversification
- Development of industrial infrastructure – electric power plants, water resource development, transportation and communications.¹⁷

This program was developed in line with the stated objectives of the Indonesian government. There was little involvement by JICA before the

¹⁸ Reinhard Drifte, *Japan's Foreign Policy in the 1990s* (New York: St. Martin's Press, 1996), p. 110.

¹⁹ See Jeff Kingston,

"Bolstering the New Order: Japan's ODA Relationship with Indonesia" in Koppel, Bruce M., and Robert M. Orr Jr., eds., *Japan's Foreign Aid: Power and Policy in a New Era* (Boulder, CO: Westview Press, 1993), p. 47.

²⁰ Beaudry-Smocynsky and Cook, ch. 1.

²¹ Drifte, pp. 131-134.

²² Hirata, p. 313.

²³ David Arase, "Public-Private Sector Interest Coordination in Japan's ODA," *Pacific Affairs* 67:2 (1994), p. 190.

²⁴ JICA AR 1999, p. 31.

crisis in Indonesia's nascent but growing civil society sector, or specifically with NGOs.

Japan's ODA Under Pressure

The bulk of Japan's ODA is usually provided in the form of loans. Japan's provision of ODA in the form of grants is actually lower than other Development Assistance Committee (DAC) countries, while loan aid for infrastructure tends to be high.¹⁸ Loans have been emphasized to date because the Japanese government feels they are "more effective in nurturing responsible economic management and creating incentives for the recipient to make the project work."¹⁹

Before the 1990s, Japan's ODA primarily emphasized support for infrastructure projects, which the government saw as a precondition for economic development. Although these projects were undoubtedly beneficial to recipient countries, critics have noted that such policies also benefited Japan's private sector, as Japanese companies were often investors in the infrastructure projects supported by ODA funds.

This attention to infrastructure projects and the private sector derives from Japan's broader definition of ODA as economic cooperation, instead of humanitarian assistance, which is how ODA is most often understood in the West. Japan has also traditionally formulated its ODA policy from a "request-based" approach, meaning that the developing country in question is responsible for identifying priority needs to a much greater degree than is common in the aid programs of other countries.²⁰

However, as Japan's economy began to stumble in the early 1990s, dissenting opinions about the fundamental principles of Japan's ODA began to emerge in Japan and within the foreign aid community. Motivated by government inability to reverse the economic recession, Japanese voters became increasingly

assertive, as did Japan's small NGO community. Citizens demanded more transparency in government spending and greater fiscal responsibility.

At this same point, the Japanese government was beginning to play a more influential role on the world stage, including within UN agencies where it lobbied to place Japanese officials in senior positions.²¹ However, as Japan re-positioned itself, other donor countries pressed Japan to reform its ODA to be of greater benefit to recipient countries.²² Japan's long-standing emphasis on linking aid to infrastructure projects was seen as being too geared to Japanese business interests and not necessarily the most constructive approach to local development needs.²³

Faced with growing pressure from the Japanese public and abroad, MOFA began coordinating a re-examination of Japan's ODA role, priorities, and principles.

Changes in Japan's ODA policy

The new philosophical direction for Japan's ODA was demonstrated by MOFA's endorsement of strategies adopted by OECD's Development Assistance Committee (DAC) in 1996 that set specific targets for poverty alleviation, social development and environmental improvement.²⁴ MOFA eventually included the Development Assistance Committee's (DAC) strategy in the 1999 appendix to Japan's 1992 ODA Charter.

The new policy includes the following basic approaches:

- Use of the DAC Development Partnership Strategy as a guideline for development
- Emphasis on good governance in recipient countries, and transparency in aid programs

²⁵ See "Japan's Medium-Term Policy on Official Development Assistance (ODA)," August 10, 1999.

²⁶ *Ibid.*

²⁷ Hirata, p. 317.

²⁸ JICA AR 1999, pp. 35–36.

- Effective evaluation of individual development agendas and needs of recipient countries
- Comprehensive use of available resources, including international organizations, the private sector and NGOs
- Promotion of “human-centered development,” meaning both economic and social development
- Active enlistment of taxpayer support by bringing about greater visibility to Japan ODA, and continued contributions through multilateral agencies for heightened impact.²⁵

These changes were highlighted in MOFA’s statement of its medium-term policy in 1999:

Japan is experiencing fiscal and economic difficulties and there have been major changes in the domestic and international environment for aid. It is necessary to further consider, in a more integrated manner, how to implement ODA in light of these factors. Under these circumstances, it is important to earn public understanding and support for the ODA program in order to continue to respond to the high expectations of the international community.²⁶

In overall terms, MOFA now states that it demands greater efficiency in the use of ODA funds, direct attention to country-specific needs, and more emphasis on implementation through civil society organizations, both in Japan and in the recipient countries. It has implemented new programs of “soft aid,” by expanding its commitment to place volunteers abroad to work on development projects, and providing more technical training.²⁷

An emphasis on efficiency has also been necessitated by government cutbacks in ODA funding

beginning in FY 1998. The budget cuts resulted from the Japanese government’s need to increase domestic spending, both to address the economic downturn through stimulus packages and to pay for social programs. This was the first year that ODA funds had been cut, ever since Japan began providing ODA in the 1950s in the form of war reparations.

JICA’s New Priorities

JICA has responded to the MOFA-generated shifts in Japan’s ODA policies by placing a new emphasis on “people-centered development.” Recognizing that “development does not always move downward from the state to the populace,” JICA is promoting a conceptual shift that underlines the importance of people contributing to their own development. JICA no longer wants the government to be the primary linchpin for stimulating development, but instead wants to entrust at least some responsibility to the people themselves.²⁸

The principles JICA now espouses for its aid programs are:

1. To support with self-help – meaning to stress local ownership and sustainability in aid programs
2. To contribute to human resources development – through training, transfer of technology, technical cooperation, and intellectual exchange
3. To provide aid of real use to people – by helping to meet basic human needs of the poor and directing programs specifically to local people
4. To strengthen the country-specific approach – determining “the most appropriate form of development” for recipient countries, “in order to provide effective high-quality aid within a limited budget.”

²⁹ *Ibid.*, p. 40.

³⁰ *Ibid.*, p. 16.

³¹ Japan International

Cooperation Agency, *Annual Report 1998* [hereafter JICA AR 1998] (October 1998), p. 10.

The agency is also moving to open up its procedures and mechanisms to ensure greater accountability and efficiency. It began open recruitment of technical experts in 1997, for example, thus moving away from past practice that had relied on recruitment through personal recommendations and institutional ties.²⁹

In overall terms, JICA's 1999 annual report notes that the agency is seeking "to improve its operations and its organizational structure to enable a more precise, comprehensive and flexible response."³⁰ These policies stress qualitative improvement over quantitative expansion in ODA programs.³¹ Quality over quantity is also a necessary focus because of the agency's ongoing restructuring as well as the belt tightening caused by budget cutbacks in Japan's ODA in FY 1998.

³² See JICA AR 1999, pp. 36–37

³³ For background on GGP in the Philippines, see Angelita Gregorio-Medel, "Optimizing ODA: A Case Study on the Grant Assistance for Grass Roots Projects - GAGRP." Draft report for the Synergos Institute (February 2001).

³⁴ CEP Indonesia briefing paper.

JICA and the Community Empowerment Program (CEP)

The Community Empowerment Program (CEP) is a new program developed as part of JICA's introduction of a more people-oriented development approach, and is designed specifically to work with grassroots-based NGOs in recipient countries. CEP was first introduced in Latin America and Southwest Asia in 1997 and has now been expanded to several other countries, including Indonesia, where it was launched in FY 1999.

CEP operates by providing funds directly to NGOs for a maximum of three years. The NGOs in turn are supposed to implement programs that effect positive change in living standards and general welfare of people at the local level. Recipient governments are not the implementers under CEP. Instead, local NGOs "are used to provide links between governments and communities with a view to raising the development capacity of the people themselves...." NGOs are cast as the designated intermediaries for CEP because they are seen as the ones most attuned to local cultures, customs and conditions, and best placed to bring about the most effective results.³²

CEP differs from the usual forms of technical cooperation provided by JICA to date, and is unusual within the overall context of JICA's work. Yet, as a whole, the program exemplifies the further development of MOFA's search for new aid principles, including an interest in working with NGOs. MOFA itself, for example, started providing support to NGOs in the late 1980s through the NGO Assistance Fund, which provides funds to Japanese NGOs to conduct aid programs overseas, and the Grassroots Grant program, which provides

funds for NGOs in developing countries through Japan's overseas embassies.³³ However, while both of these programs emphasize grants, CEP is more specifically designed as a technical assistance program that works through NGOs to promote local community involvement in development objectives.

CEP and Indonesia

CEP is a new program for JICA in Indonesia, and is still small. Its purpose is to "improve the livelihood and welfare of the Indonesian people at the grassroots level," and as such targets the following areas:

- Community development
- Support for the disabled, elderly and children
- Improvement in community health
- Empowerment of women
- Infrastructure development
- Human resources development
- Promotion of local industry.³⁴

As of FY 2001, CEP has developed partnerships with three local NGOs. It is scheduled to expand during FY 2002 and eventually is expected to support partnerships with at least twenty NGOs throughout Indonesia.

CEP's director in Indonesia is Motoyuki Nishida. He has headed the program from JICA's office in Jakarta since its formal inception.

Along with the general shift in MOFA policies that has generated more attention to NGOs, Nishida also believes that many of the changes leading up to the creation of CEP can be at least partly explained by the coming of age of an idealistic generation within JICA who want to play a constructive role in the world. In his

³⁵ CSROs are private, non-profit, locally-owned and operated non-governmental organizations. They mobilize resources from within and outside their countries and redirect them to other civil society organizations and local groups.

opinion, CEP is part of a larger picture of the types of programs JICA as a whole now sees as important. His work therefore is not incidental to the other programs JICA runs, but rather of central importance within the agency, including how it is directly translated to individual countries.

Indonesia's Economic Crisis and CEP Beginnings

CEP's beginnings in Indonesia can be traced to the period shortly before it was formally established in the country, when a similar program focus emerged as part of JICA's response to Indonesia's worsening economic crisis. During this period, as the crisis grew, JICA redirected its attention away from longer-term goals towards five short-term priority issues. These issues were:

- Supporting the socially disadvantaged
- Stabilizing the macro economy
- Responding to human resource development needs resulting from decentralization
- Promoting small- and medium-sized enterprises (SMEs)
- Controlling forest fires and other natural disasters.

Japan made an emergency allocation of ¥1 billion at this time to help support Asia's collapsing economies, of which Indonesia received ¥200 million. These funds were extra-budgetary and were intended to redress the adverse consequences emerging from the crisis, such as growing poverty and economic disintegration. Yet JICA's office in Jakarta was unsure at first how it could disburse these additional funds quickly and effectively.

In response, JICA experts working as technical advisers in Indonesian government departments

proposed that the agency initiate program work with NGOs. What is unspoken here, but which seems to have been an underlying assumption by JICA at the time, was the feeling that the NGOs would operate more transparently and efficiently than Indonesian government partners. Allowing the Indonesian government to have the responsibility for directing distribution of the aid during this crisis period might offer the potential for a much higher chance of malfeasance or misappropriation.

With the agreement reached within the agency to work with local NGOs and Civil Society Resource Organizations (CSROs),³⁵ JICA's resident Japanese experts disseminated information about the emergency aid program to local organizations through the government departments where they were working in Indonesia. JICA received 36 proposals through this process. The proposals were reviewed by JICA in Jakarta, and forwarded for approval to Tokyo. In the end, six proposals were chosen for JICA aid in 1998.

The deciding factor in JICA's selection process was the ability of local organizations to respond to demonstrated need. Aid at this stage was given in kind, in the form of basic foodstuffs, health supplies and services, or training.

Examples of supported projects include new irrigation systems and a community drinking water pump, and subsidized food and health services for disadvantaged groups (see Appendix B). The projects were located in East Nusa Tenggara, South Sulawesi and West Java, reaching a total of 12,000 Indonesians. JICA also provided funding to World Vision, an international humanitarian organization, to conduct social safety net activities in Jakarta and East Nusa Tenggara.

Motoyuki Nishida was posted to JICA in Indonesia at about this time, after transferring from JICA's office in Malaysia. His responsibility

upon arriving in Jakarta was to coordinate this program and the aid distribution through the NGOs.

CEP had been established in 1999 when the first signs of economic recovery in Indonesia, although still lackluster, were evident. Japan wanted to redirect its ODA away from short-term crisis management back to a longer-term approach. JICA staff admit that the agency to some extent has continued to operate more as a humanitarian aid agency than as a development agency. For this reason, Nishida believes that it is important for CEP to encompass a broader strategy that addresses fundamental development goals. CEP may work on poverty reduction through local programs, but its underlying philosophy must also include development of human resources and institutions. The more straightforward provision of aid to support social safety net programs is no longer warranted or wanted.

³⁶ Box 2, *Japan's ODA Annual Report 1999* [hereafter *ODA AR 1999*] (February 2000).

³⁷ In Thailand, for example, CEP has been supporting two projects oriented towards AIDS prevention and helping people with disabilities. The emphasis is not on broad-based community empowerment in the same way that the program has developed in Indonesia. See <http://www.jicathai.or.th>.

CEP Mechanisms and Strategies in Indonesia

When the emergency aid program ended in 1999 and CEP began, JICA reviewed the six projects it had been supporting and decided to continue only two under the CEP heading. This decision was made for a number of reasons. Evaluation results were one reason but JICA also wanted to move away from the emergency aid model of providing subsidies or donations of goods and services, which it saw as only a short-term or quick-fix solution. The agency preferred to emphasize forms of development assistance that looked at the longer term, including models for sustainability and the strengthening of local resources and institutions.

One problem, though, was that the Indonesian government preferred the short-term model of subsidies and the direct donations of goods and services. JICA had to negotiate with the government to allow implementation of longer-term programs promoting community capacity building.

CEP is not intended to support the type of emergency assistance provided to Indonesia during the height of the economic crisis, which stressed getting aid into distressed communities in the form of foodstuffs and medical supplies. CEP is designed instead to bring about more long-term objectives in terms of community empowerment and development. The NGOs and CSROs supported by CEP therefore must have core elements in their mandates and programs relating to deeper and more sustainable impact in poverty reduction and in strengthening local economies.

CEP's budget is not part of Japan's emergency funding for Indonesia, unlike the previous NGO assistance program, but is incorporated into JICA's regular annual budget. Although current

figures are not available, it is clear that CEP receives a very small percentage of JICA's total budget. However, plans to broaden the program suggest that it will receive more funding from JICA for Indonesia by FY 2002. Within JICA worldwide, CEP was allocated ¥358 million for FY 1999, which is a threefold increase from when CEP was launched in FY 1997 with a budget of ¥123 million.³⁶

CEP staff emphasize however that the program is just one part of JICA's overall focus on poverty reduction. Other divisions within the agency are also addressing this need by other means, such as through human resource development with training and technical assistance, and small-scale infrastructure development. CEP in other countries may also take on slightly different characteristics than what is emerging in Indonesia, with Nishida pointing out that the program "reflects the character of a country's NGOs." CEP cannot be imposed upon a country, but must include sensitivity to local grassroots concerns as well as the pre-existing capacity and orientation of local NGOs.³⁷

In its current conceptualization, CEP is intended to enhance what is being done at the local level by helping promote human resource development, including developing facilitators and strengthening local institutions. It acts to magnify very localized and isolated grassroots-based activities and create a more macro level impact than can be achieved by the NGOs individually. CEP's use of a broad network and its extensive program area creates the means for more sustained results.

CEP and Civil Society Resource Organizations (CSROs)

In Indonesia CEP has been emphasizing support for programs that affect a significant number of local communities and households to develop long-term skills and improve capacity. It

³⁸ Biro Pusat Statistik, *Penduduk Sulawesi Selatan* [Population of Sulawesi Selatan] (Jakarta 1996), p. 2.

³⁹ Biro Pusat Statistik, *Penduduk Nusa Tenggara Timur* [Population of Nusa Tenggara Timur] (Jakarta 1996), p. 2.

therefore tends to seek out NGOs that may more accurately be called CSROs, in that they function as catalysts within their communities and re-distribute resources to other organizations and groups. Although CEP does not seem to be seeking out CSROs deliberately, the program's structure and goals suggest that partnerships with CSROs offer the most benefits.

The longest running CEP project in Indonesia is an empowerment program for the poor that the Environmental Partner Institute (Lembaga Mitra Lingkungan, or LML) is running in several districts in the province of South Sulawesi). LML is based in Makassar (formerly Ujung Panjang), the capital city of South Sulawesi. Formed in 1992, it works on environmental and community support activities with local people. LML's Director is Asmin Amin. LML's program with JICA began under the emergency aid program. It is one of the two programs carried over with the formalization of CEP.

CEP began funding two CSROs in East Nusa Tenggara at the beginning of 2001: Alfa Omega Foundation (Yayasan Alfa Omega or YAO) and Women in Transition (Womintra). Both NGOs are based in Kupang, the provincial capital, which is located on the island of Timor. CEP will expand beyond these two provinces after FY 2001.

Site Selection

The rationale for JICA's choice of South Sulawesi and East Nusa Tenggara as CEP's first two project areas came from the Indonesian government's "Go East" policy, which sought to promote the development of eastern Indonesia. In the case of East Nusa Tenggara, JICA's experience with NGOs during the emergency aid phase in 1999 also gave the agency more insight into the problems of this part of the

country which it was interested in building on with more program work.

South Sulawesi's economy is based on agriculture, industry, and fishing. The province's population is about 7.5 million, with about 70 percent of this total living in rural areas.³⁸ The provincial capital of Makassar is an industrial center and trading port, and it is the largest city in eastern Indonesia. The areas surrounding Makassar are agricultural, including both small-scale farming and large-scale plantation development. The Tana Toraja region of South Sulawesi is a popular tourist destination.

Although South Sulawesi suffers from underdevelopment, it is substantively better off than East Nusa Tenggara, which is one of the poorest provinces in Indonesia, with few natural resources. The population of East Nusa Tenggara is about four million, of which almost 90 percent live in rural areas.³⁹ Traditional communities still maintain their individual cultures and customs. The majority of the population is Christian (unlike the majority population in western Indonesia, which is Muslim). The main islands in the province are Timor, Sumba, and Flores. Transportation on and between the islands is underdeveloped and irregular and hampered by difficult terrain and weather conditions.

A baseline survey for the province by local NGOs highlighted the following key issues for local communities and development programming:

- Low per capita income
- Lack of clean water and proper sanitation
- Cultural habits concerning personal cleanliness and treatment of the environment that adversely affect progress and development, for example, that make it difficult to lower

⁴⁰ Written communication from Womintra, February 2001.

⁴¹ See Biro Pusat Statistik, *Statistik Potensi Desa Propinsi Nusa Tenggara Timur [Village Potential Statistics Province of Nusa Tenggara Timur]* (Jakarta, 2000).

the transmission rates of communicable diseases

- Limited education, with only a small percentage of people continuing their education past primary school.⁴⁰

Agriculture is the primary economic activity in the province, yet the climate is dry, with a short and unpredictable rainy season, and the land is relatively arid, which makes farming time-consuming and less productive than in other parts of Indonesia. More than half of the province's registered villages do not have electricity. The vast majority of inhabitants use firewood for fuel, which affects the sustainability of the region's forests and ecosystems. Health care is primarily conducted by traditional healers, with very few trained physicians available.⁴¹

Selection of Partners

LML was initially selected as a JICA partner during the emergency aid period, based on the recommendation of a JICA technical expert working in South Sulawesi on a regional development project with local government. LML had been conducting research in support of the project's analysis of poverty alleviation programs, and was encouraged to prepare a proposal to address community needs by this expert. JICA was therefore already familiar with LML's work and mission.

Both Womintra and YAO were selected from proposals they submitted to JICA, but Nishida was also already familiar with their programs from his visits to East Nusa Tenggara, so had prior knowledge of their respective capacities before he processed the agreements to work with the two organizations.

YAO is a large and well-established NGO in East Nusa Tenggara. Aside from its work with CEP, it

conducts other programs with support from a variety of foreign donors, and has built its own training center in Kupang with help from local religious organizations. Its interests range beyond community empowerment at the local level to such areas as conflict resolution and humanitarian assistance for refugee communities. Its current director is a Protestant minister and many of its activities are linked with other NGOs and local groups through the network of Christian churches in the province.

Womintra is a newer NGO but has attracted positive attention within the donor community for its work with women in West Timor and with refugees from East Timor. Its director, Suzy Katipana, has worked for CARE and led UNICEF operations in East Nusa Tenggara and East Timor, and has good connections in the international community and a wealth of experience in community development and humanitarian relief programs in Indonesia.

In YAO's case, Nishida specifically notes its long-term presence in the province and strong track record in program work, its firm roots in many local communities, as well as its extensive links with other communities through networking with NGOs and other civil society organizations. This type of track record makes an NGO or CSRO attractive to donors since there is at least an unspoken guarantee that program activities will be of a certain level of quality, without requiring an extended period for preparation and start-up.

As CEP expands, Nishida plans to make use of JICA's own comprehensive directory on NGOs as well as other formal and informal sources of information to learn about other potential partners. JICA currently receives many proposals from NGOs each year, so he may also be able to rely on these existing conduits. JICA staff have also referred at times to opinions of

Indonesian government officials, to hear their perceptions of an NGO's reputation.

Conditions for Partnering

CEP's structure mandates a fairly close relationship between JICA and the CSROs. CEP provides funds and other resources to the local organizations, but also requires specific results within a given period of time.

CEP works with NGOs or CSROs under the following conditions:

- JICA oversees the overall implementation of the projects and entrusts implementation to the NGOs
- If necessary, Japanese experts from JICA may advise the NGOs on implementation at JICA's expense, at the request of the Indonesian government
- JICA and the NGOs will enter into contracts covering the implementation of the projects
- The NGOs shall be audited at the end of the project
- The NGOs shall submit progress reports to JICA and the Indonesian government on a quarterly basis based on Japan's fiscal year and a final report on conclusion of the project
- The Indonesian and Japanese governments may consult with each other from time to time to support successful implementation of the project.

Nishida is working with CEP's new partners in Kupang to develop their program monitoring format and their plan of operations. He encourages negotiation on these points, so final decisions are not directed solely by JICA, but NGOs and CSROs nonetheless need to understand clearly in advance that CEP is a technical assis-

tance program, with specific requirements, procedures, and obligations. CEP is not a grant-making program that might favor more independent decision-making by the local partner.

⁴² Setkab is the office that supervises the activities of international agencies and organizations. It is attached to the executive branch of the government.

CEP Relations with the Indonesian Government

The Indonesian government traditionally discouraged ODA agencies from working directly through local NGOs. JICA's program during the crisis period then required an adjustment in the usual parameters of its working relationship with the government. Direct partnership with local NGOs or CSROs needed to be approved by the government, which in JICA's case meant the Cabinet Secretariat (Sekretariat Kabinet or Setkab).⁴²

Setkab initially responded to JICA's new initiative by requiring complicated and lengthy procedures to secure approval before aid could be disbursed. Program implementation was affected as a result. The procedure for securing government approval required JICA and the local organization concerned to submit the program proposal along with an application for approval to the government department with jurisdiction over the program's target focus (such as the Health Ministry or Education Ministry). The relevant government department would then contact Setkab for final approval.

This procedure remained in place until Nishida arrived in Indonesia at the end of 1998 to run the emergency aid program. His highest priority upon arrival was to lobby Setkab to streamline their procedures. After intensive lobbying and negotiation, Nishida was successful in reducing the red tape and shortening the approval process for the aid to be distributed. After this point, the local organization funded by JICA only had to inform the relevant government departments about their program. Approval was then issued directly by Setkab.

Stakeholder and Program Integration

Since the establishment of CEP in FY 1999, Nishida has continued to hold dialogues with the Indonesian government. He is interested in developing better integration between the programs being conducted by CEP's local partners, and those of the government at the local, regional, and national levels.

Although CSROs and NGOs are often reluctant to work closely with local and provincial government agencies, such as the regional planning boards (Bappeda), Nishida has found that at a local level good relationships can exist between them and government officials. On the other hand, these same government officials are not necessarily sharing information with the relevant national-level departments and ministries. Communication and transportation difficulties are certainly causes for this, but local and regional interests to secure more autonomy in their decision-making, as part of the new national effort towards decentralization, are undoubtedly contributing factors.

Nishida would like to bring about more synergy with the government through CEP and engender better cooperation for more seamless development planning and programs. Nevertheless, he acknowledges that "JICA provides the information but does not hear from inside the government." Despite his efforts to generate discussions on experiences, results and lessons learned, the government continues to balk at sharing information.

Nishida feels that government might be more inclined to amend its top-down emphasis on program planning and implementation if it were more willing to work cooperatively with ODA agencies and NGOs. The current approach often alienates local communities and does not always secure useful results. For example, he notes the government's insistence on fact-

finding trips to local areas. He would prefer to see fact finding generated by local communities since they have more accurate and pertinent knowledge about the conditions they face in their daily lives.

CEP's initiators very much hope to generate a model for community development in East Nusa Tenggara that can promote an integrated planning approach with a variety of stakeholders, including government. JICA would specifically like the national government to study CEP's approach, regardless of whether it succeeds or fails. For example, Nishida has been working on securing a commitment from the Ministry of Home Affairs to review the CEP-funded programs in East Nusa Tenggara, but admits that relations between the center and the regions within the government need to be more productive before this process can be truly effective. He is also interested in highlighting best practices from CEP's results in Indonesia for JICA and other ODA agencies to learn from.

⁴³ For purposes of convenience, this report is using an exchange rate of Indonesian Rupiah (Rp.) 8,500 = US \$1, despite the dramatic shifts in value in the Indonesian currency since late 1997.

CEP Outlines and Processes

Implementation in South Sulawesi

The initial objective of the LML program funded under the emergency aid phase was to help local farmers in the regency districts of Pangkep, Gowa, Takarar, Jeneponto, and Bantaeng. LML distributed subsidized staples through local kiosks and promoted the development and strengthening of "self-reliant community groups" (*kelompok swadaya masyarakat* or KSM).

Since the formal inception of CEP, the LML program has focused more directly on building the capacities of the KSMS, moving away from the emergency aid elements of the original program. It does not implement its program through local NGOs, which is the pattern being developed by CEP in East Nusa Tenggara, but works with the community groups directly.

LML now works with 33 KSMS in 22 villages in the target regencies. Each KSM consists of 20–25 members. LML supports these groups in the following activity areas:

- Training in technical skills and business expertise
- Distribution of equipment and in-kind working capital (such as livestock and poultry for farming activities)
- Networking to help with KSM business activities, including product distribution
- Conducting seminars to promote KSM activities and program results to a wider audience.

LML's initial program with JICA support ran from February through November 1999. A second phase was funded from December 1999 through March 2000. Funding has been

continued since then through November 2001. The total cost of the project to date is Rp. 970,335,000 (US \$114,157).⁴³

Since CEP does not fund projects with its individual partners for more than three years, JICA's relationship with LML will end after the completion of the current funding phase in November 2001. LML knows that the funding for the program will run out, and is working through how to bring about a "soft landing" for the communities, in Nishida's words. The program's emphasis on skills training and networking development aims to ensure that efforts expended to date can be continued by the communities without the ongoing financial support of JICA.

By establishing a clear point after which JICA will not provide further funding to a local partner, CEP intends to promote local implementation that aims at project sustainability and people's empowerment. In Nishida's opinion, CEP can help people, but, in addition, "They must look forward to how to develop themselves." A future evaluation of LML's work, then, may need to examine what happened to the project once JICA aid ended, and then assess how sustainable it was in its design and process.

According to Nishida, however, a program's length may be almost irrelevant if the requisite inputs are not in place. "The duration can be changed, but if the people's resources are very low, the project will take too long [before any results will be achieved]," says Nishida. The project thus should be planned with sufficient human resources available at the grassroots level to enable it to meet its goals and deadlines.

Implementation in East Nusa Tenggara

In East Nusa Tenggara, CEP is working with CSROs that will provide expertise and resources

⁴⁴ Background information on YAO provided by JICA.

at the grassroots level through community groups and, more significantly, through other smaller NGOs. By using this approach, CEP expects to have a broader impact and affect larger numbers of communities.

The smaller NGOs are located mostly in areas where development programs, either from the national government or ODA agencies, rarely penetrate. These areas are also still predominantly populated by traditional communities,

Table 1: Roles of Yayasan Mardika and Yayasan Alfa Omega

Phase I: Socialization

- Mardika prepares the community/ies, supplies the facility, conducts the socialization, and prepares a report
- YAO prepares the material to be socialized, helps Mardika conduct the socialization, and assists Mardika in making its report.

Phase II: Training

- Mardika conducts a needs assessment for training, draws up a Terms of Reference (TOR) and the training curriculum, provides the trainers, provides the training facilities, implements the training, makes a report.
- YAO helps prepare the training curriculum, prepares the subject matter and necessary media, helps with the facilities preparation and with the actual training, and helps in making the report to JICA.

Phase III: Supporting Community Self-help Groups

- Mardika facilitates groups to organize or helps pre-existing groups, and helps them do activity planning.
- YAO helps with the planning and in determining the groups most suitable for receiving aid, then coordinates distribution of aid (in kind).
- YAO and Mardika train the groups' administrative persons and local organizers, and both NGOs facilitate the groups' regular meetings.

Phase IV: Evaluation, Monitoring and Seminar

- Mardika arranges the TOR for monitoring and evaluation (M&E), prepares the local community or relevant group, makes the report on the M&E results, conducts a seminar on these results at the local level, makes a report to YAO and JICA.
- YAO helps draft the TOR and in implementing the M&E plan. It helps with the local level seminar and prepares a report that will be used to conduct a seminar at the national level near the end of the program.

who often resist rigid and centralized government development activities which may threaten their way of life, but who can respond positively to assistance offered by organizations who understand their cultures and traditions.

CEP's support to CSROs means that it can direct resources to local organizations and community groups with the best understanding of these grassroots constituencies and so be in a stronger position to bring about effective results. The CSROs themselves would not necessarily be able to make a useful impact in these places on their own since they might also lack a deep knowledge of this kind of environment. Developing partnerships with local organizations therefore streamlines the CSRO's administration of the program, and makes sure that implementation is in the hands of those who best understand the working conditions and the communities' concerns.

Yayasan Alfa Omega

YAO's overall mandate involves working with local community groups or KSMs in areas such as farming, animal husbandry, small-scale fisheries, handicrafts (including traditional weaving), and micro credit. Field-based staff work directly with the KSMs on a daily basis. These personnel are needed because of the distances involved and the transportation difficulties. YAO also brings people to Kupang for training at its training center, although field staff may provide training at the local level.⁴⁴

YAO stresses three approaches in its community development strategy:

- Human resource development
- Institutional strengthening
- People-based economic development.

The desired outputs from this strategy are:

- Behavioral change in the target communities
- Improvement in the quality of the local environment
- Improvement in the income and general prosperity of the people.

YAO conducts networking and lobbying on behalf of the local communities with government officials and agencies to promote effective marketing of KSM-produced goods, such as through state-owned cooperatives and public companies.

YAO works most frequently in the five regencies of Alor, South-Central Timor, North-Central Timor, and Belu, but its program with CEP is specifically aimed at supporting grassroots community development in the Bajawa region of southern Flores, as well as on Lembata and Alor islands.

YAO's program here provides technical support and in-kind assistance for local NGOs to facilitate the development of KSMs in their localities. One such NGO is the *Mardika Foundation* (Yayasan *Mardika*), which is based in Bajawa. Under the agreement with *Mardika*, YAO will provide materials and other support to develop local KSMs. The KSMs will then receive in-kind assistance tied to the focus of their business endeavor. YAO and *Mardika* will monitor and evaluate the program as it proceeds.

A schematic program outline of the respective roles of *Mardika* and YAO is shown in Table 1.

The overall workplan stresses community participation in needs assessments and project planning. Training will be provided in KSM management, social and gender analysis, income generation, community development, and conflict management. Monitoring will also be participatory to assess training impact and

judge the results of the income generating activities.

YAO notes that it intends to work only with NGOs with a genuine grassroots base, and with a vision and mission that clearly emphasize community empowerment. With the project barely underway by early 2001, it had established only one such partnership, with the Mardika Foundation. It aims eventually to work with with at least five NGOs.

The program is budgeted to run for three years at a cost of Rp. 1.7 billion (approximately US\$ 200,000).

Womintra

Womintra is a much younger NGO than YAO, having been formally established only in 1998. Its mission is to help improve the lives of local communities, specifically women and children living in East Nusa Tenggara. It helps organize and strengthen local community groups to improve their economic conditions. Work focuses on implementing income-generating initiatives and capacity building with local groups in specific fields, such as business management, and other forms of training. Womintra has also recently been providing humanitarian and development assistance to East Timorese refugees in West Timor.

As with YAO, Womintra's CEP program emphasizes community self-help groups. However, it does not overlap with YAO because the latter is focused on Flores and its nearby islands. Womintra aims to maintain its emphasis on women's groups, and works solely in West Timor. It plans to work with at least 15 NGOs, although it is not clear if this number includes self-help groups or KSM, which are not technically NGOs.

Although Womintra's program with CEP was scheduled to begin in early 2001, its implementation was postponed following the murder of three U.N. relief workers in Atambua, near the border with East Timor, by East Timorese militia members in late 2000 and concerns about security in this area. As a result, the budget was being negotiated, but funding levels were likely to be similar to YAO's.

In view of security concerns, JICA worked with Womintra to restructure the program into three-month modules rather than longer-term activities. Activities with a longer time frame would run a higher risk of disruption, in Nishida's opinion. This focus on short-term activities, he believes, is a useful model for development work in other conflict areas in Indonesia.

CEP Management, Monitoring and Evaluation

CEP is run from JICA's Jakarta office. JICA's office in Makassar, which was staffed by Indonesians and by outposted JICA experts, closed in early 2001. JICA experts continue to work in the province, based at the government departments where they have been assigned. Except for Nishida, no other CEP support staff work at JICA's headquarters in Jakarta.

Nishida is developing separate monitoring and evaluation frameworks for each program at recipient organizations. However, JICA's monitoring of program progress in East Nusa Tenggara, particularly for the areas covered by YAO, will be difficult to implement because of the lack of efficient transportation links or reliable communications. CEP will have to depend principally on information provided by its partners.

Although technical assistance from resident experts is a hallmark of JICA's approach in Indonesia, CEP cannot provide direct technical expertise to the CSROs or NGOs. JICA's agreement with the Indonesian government requires JICA to place experts with government agencies. If the local or central government requests expert input related to work by CEP partners, then JICA may be able to provide it.

NGO Staffing and Program Management

Womintra has established a division to run the CEP-funded program, with field staff recruited as the need arises. It plans to choose NGO partners based on the following criteria:

- Must be registered with the government
- Must have organizational experience and experienced staff

- Must have a strategic mission that focuses on community empowerment.

YAO plans to implement its program through a network of local NGOs that will provide the community-based trainers. Local knowledge is enhanced through this process, promoting program sustainability. Local trainers can also present program information and communicate implementation goals more effectively, since they know the languages and customs of the target areas. YAO will also be relying on its field staff as well as the local KSM that it has been working with in different parts of East Nusa Tenggara.

LML originally ran its JICA-funded program with its existing staff, but added eight more staff with the formal inception of the CEP phase of the program.

Financial Systems

One reason Nishida says he felt comfortable working with YAO was because of its experience: it could provide accurate cost projections for proposed activities, which helped in establishing its budget. As a CSRO rather than an NGO, YAO would not incur transport costs, thereby lowering project expenses, since local groups and NGOs conduct the grassroots activities, not YAO directly. Transport costs generally command a significant percentage of program budgets in this part of Indonesia. Fiscal prudence is a factor in CEP's assessments of potential partners.

CEP's partners operate on a reimbursement system, although they can receive a certain percentage of their budgeted costs as advances from JICA. Forty percent of a program's variable costs and 90 percent of all fixed costs (such as rent) can be sent as advance payments. Costs incurred after the

receipt of these advances are paid out by JICA on a reimbursement basis.

JICA acknowledges that accountability is probably the main concern in working with CSROs and NGOs. JICA's distance from program sites, and CEP's lack of support staff, means that much program work in East Nusa Tenggara, for example, will proceed with little direct oversight by the agency or CEP. LML was supervised more intensively by local JICA staff in Makassar until the office there was closed in 2001, but CEP will not be adopting this kind of work structure elsewhere.

The structure CEP uses for channeling its funds is partly designed to make sure that funds are used effectively and properly. A reimbursement system requires partner organizations to keep receipts and be willing to incur some expenses on their own in advance of receiving assistance from JICA. They must also report to JICA every three months, so a tight system of financial oversight is enforced. Audits will be conducted at the end of their program, although it is not clear yet whether these would be external audits or conducted internally by JICA.

Institutional sustainability can be helped through CEP's financial support for the purchase of equipment and other resources that remain with the CSRO or NGO after the program relationship with JICA ends.

CEP Partner Perspectives

CSROs and NGOs see a significant gap between what they do and what the government does to address community needs. Womintra, for example, notes that the government's development approach, which emphasizes top-down programming, runs counter to the philosophies of civil society organizations that stress participatory and grassroots-based programs. The government excludes or shows little interest in including CSROs and NGOs in planning and managing development policy. It rarely provides information to people about its development policies or about other issues relevant to their lives.

The lack of communication between the government and its constituents continues even in the so-called reformasi or reform period since the government bureaucracy still follows patterns set during the Suharto period. Womintra refers to the insular and reactive nature of the government bureaucracy, which is not accustomed to compromising or tolerating other points of view. Ideally, according to Womintra, Bappeda should work to coordinate all development programs being implemented, whether originating from the government or from civil society. This agency should serve as a mediator to generate greater synergy and wider impact.

Assessing CEP

Womintra sees CEP as a good model to apply to East Nusa Tenggara. Its approach addresses some of the region's omnipresent problems, such as poverty, unemployment, low incomes, and low production and productivity. However, Womintra would like CEP and other donor agencies to pay more attention to program sustainability and to support program continuity after the formal project has been completed.

Womintra also sees a continued need for institutional strengthening of local organizations to help with program implementation capacity and build skills.

Womintra would like to see better timing in donor programs, to align more closely with local conditions, and for donors to be more responsive to human needs, instead of quickly retreating when faced with political pressures (suggesting some frustration by Womintra from CEP's suspension of its program after the killings in Atambua).

LML also expresses positive sentiments about CEP, although it would like the program to expand to include other NGOs from South Sulawesi. It also sees a need for the program to include elements to support NGO or CSRO sustainability, such as by establishing micro-credit programs that can continue after CEP's support ends.

YAO is also positive about CEP, which it notes resembles development programs that YAO has conducted with other agencies. YAO feels however that CEP is better than many other programs because it is intended to provide direct benefit to local people, with monitoring and supervision by several different parties, including the people themselves, the NGOs and CSRO, the government, and JICA.

In YAO's opinion, the key challenges of development in East Nusa Tenggara are the limited skills of the people, an underdeveloped economy, and the low management capacity and energy of local institutions to address these problems. Successful implementation of CEP in the province, therefore, will address these needs by helping build skills and human capacity, by strengthening grassroots organizations and institutions, and by improving local incomes and supporting better economic conditions for the people.

CEP Challenges and Opportunities

As Nishida has repeatedly emphasized, JICA is a technical assistance agency, and so does not provide grants to local organizations. CEP's NGO or CSRO partners then are functioning to some degree as the program's contractors. Nishida notes that these partners are the "implementers" of the program, which he is "outsourcing" to them while also providing control over the program's direction. This structure allows CEP to operate with the agreement of the Indonesian government, without having to change JICA's policies or system of operations in Indonesia too dramatically

Outsourcing or Grassroots-generated?

YAO and Womintra's program under CEP promotes the organizations as CSROs, by linking development aid resources to smaller, locally-based NGOs and community-based organizations that have much less access to these kinds of funds or technical support. This kind of relationship can help strengthen CEP's partners institutionally, particularly in financial management. However, it also runs the risk of bringing them into conflict with their own mandate and mission. Are these CSROs and NGOs community-based and community-oriented organizations, or is it more accurate to depict them as the local managers of an ODA agency's program? Their work has to find a place between their mission statements and basic principles, while also responding to JICA's emphasis on monitoring and on generating specific outputs.

Sustainability

CEP's main emphasis is on human resource development and strengthening, which offer long-term benefits to NGOs and communities.

However, although local programs can continue after the funding ends, CEP does not directly promote the institutional sustainability of NGOs or CSROs themselves past the end of their relationship with the JICA program. Instead, they are operating more as intermediaries to bring about CEP's central objective, which is to secure local level impact with local communities.

CEP's work does not directly address how CSROs and NGOs can develop true financial sustainability without the support of outside donors. The managers of a CSRO or NGO have to be astute and pro-active to leverage any gains in their organization's capabilities derived from CEP-sponsored capacity building to generate more programs and more diversified funding for their organizations from other sources.

Oversight

Another challenge for CEP in Indonesia is its breadth of coverage. At present, although only mainly operating in East Nusa Tenggara, the geographic range covered by the program requires significant outlays – of time to maintain even a basic level of monitoring. Once CEP expands to other parts of Indonesia, this monitoring burden will grow. Managing the program is time-intensive, if the emphasis on working with CSROs and NGOs at a basic grassroots level is maintained. CEP needs to reach a degree of trust with the CSROs in order to minimize possible concerns about accountability at the local level. But it is not guaranteed that all partners will be able to support this level of trust.

Baseline Data and Measurable Results

There is very limited baseline data available for the areas where CEP is supporting programs in East Nusa Tenggara. Consequently, the measuring the impact of CEP's work with

⁴⁵ See e.g., Allen Hoben, Pauline Peters and Dianne Rocheleau, "Participation and Development Assistance in Africa," Policy Brief No. 3 (USAID and World Resources Institute, September 1996).

CSROs and local NGOs may be drawn more on anecdotal accounts than JICA normally prefers. This problem will also make it difficult to assess CEP's results after a recipient organization completes its three-year program. CEP does not currently include an initial phase of securing such data by the CSRO or NGO before it begins its program work. The weaknesses in the Indonesian government's own data collection capacities means that existing information is of limited use.

Because of East Nusa Tenggara's extreme poverty, CEP will face a serious challenge in generating the macro level impact it wants in this province. Yet the lack of other development resources means that CEP must try to meet a great need, with limited resources, and without being able to address the fundamental causes of the region's conditions. The continued presence of East Timorese refugee camps in West Timor is also skewing the province's development priorities for the short term, drawing attention away from longer-term development concerns.

These kinds of issues may not emerge to the same extent in other provinces of Indonesia, but local considerations and obstacles will undoubtedly always affect CEP impact and its ongoing work with CSROs and NGOs. CEP needs to be aware of political risks and gaps in development data as it decides on new partners and moves into other parts of the country.

On a larger scale, the intrinsic problems facing development in Indonesia, including the country's ongoing political crisis at the national level and the government's continued reliance on a centralized and disengaged bureaucracy to enact its programs, may make it difficult for CEP to generate the overall program synergy and heightened impact that JICA staff such as Nishida have envisioned.

Participatory Pitfalls

As others have noted, ODA agencies that stress stakeholder involvement and participatory processes in their development programming operate under certain preconceptions:

- That "participation" is antithetical to government development initiatives, and so needs to be brought about through other means
- That stakeholder involvement leads to the thorough identification of objectives and potential conflicts and manages to resolve them
- That local people have not been included in development planning to date because they do not know how to get involved
- That stakeholders automatically want to be part of decision-making that affects them, and are only held back when government structures, e.g., do not support their participation
- That the definition of "community" in a community-based project is neutral, and that such boundary demarcations do not include potential sources of conflict or imbalances in gender or power relations,
- That NGOs are the most effective agents for mobilizing participation at a local level.⁴⁵

CEP includes many of these preconceptions in its basic design. As such, it resembles other participatory-based or community-related development programs implemented by ODA agencies in recent years. What needs to be continually guarded against are potential tendencies to emphasize "participation" and "community development" without having the underlying philosophical understanding of these concepts. A participatory community development program must be well designed if it is to avoid the potential pitfalls implied in the assumptions

listed above. All communities have internal conflicts and will exhibit differing motives and objectives within a development program. Ingrained feelings of altruism and the greater good are not givens in any of these situations.

This understanding means that community development programs require enough time to be implemented properly, meaning that they must allow space for discussion and socialization of the program at many levels. The NGOs or CSROs, as well as the ODA agency, must show sensitivity to local concerns and conditions, to overcome common obstacles or roadblocks. Such a conclusion suggests that it is better to implement these programs by giving relative autonomy to the implementing agency's staff in the recipient country and to remove or minimize complex bureaucratic procedures. Program rigidity is avoided as a result, and flexibility and responsiveness underscored, which helps generate participation and input from the grassroots level.

The very small staff involved in implementing CEP in Indonesia within JICA and Japan's new ODA policies that mandate looking directly at local conditions suggest that the program has these prerequisites already in place. JICA's success in overcoming the reservations of the Indonesian government to the thrust of the new program has also removed another potential barrier to the successful achievement of its objectives. Flexibility and cooperation must continue to remain part of the program, however, or this promising beginning may not sustain itself.

Conclusion

CEP offers JICA a new way to distribute aid that is a decided break from the technocratic and bureaucratic patterns of the past. It provides a mechanism through which funds can be moved to support very local level activities and promote community empowerment. This approach means that people receive the benefit of foreign development assistance in immediately measurable and visible ways.

By directly helping local communities, CEP helps make JICA more accountable within the recipient country generally, as well as to the Japanese people. It provides a more human perspective in Japan's ODA work, with the program not merely acting as a policy support for Japan's private sector through infrastructure-oriented aid programs. CEP demonstrates that JICA, and other ODA agencies, can reach beyond commonly accepted forms for government-to-government cooperation to link up with new partners, including NGOs and CSROs. These new partners, in turn, because they are grassroots-oriented, are better able to respond to local needs than has been demonstrated generally in ODA projects implemented at the national level.

The role of the in-country CEP director, however, is crucial in securing the level of support needed from the national government in question and from civil society and indigenous civil society organizations to make the program happen. CEP's progress in Indonesia has been helped immeasurably because of Motoyuki Nishida's experience within JICA and his knowledge and understanding of Indonesian bureaucratic culture. His skills here have secured key results in the requisite government-to-government negotiations with relevance to CEP's work with local organizations and groups, and have ensured that JICA as an agency fully supports

what CEP is seeking to accomplish. He has also been able to generate trust and interest among relevant civil society organizations in Indonesia, which has helped CEP find credible partners in its areas of program interest.

It will be interesting to see how CEP unfolds as it expands to other parts of Indonesia after its inception stage in South Sulawesi and East Nusa Tenggara. CEP's work with CSROs and NGOs at the grassroots level offers immediate benefits to local communities that can lead to direct changes in how people live their lives and how they interact with government and market forces. Larger scale implementation promises to make a significant contribution towards the empowerment of local communities in Indonesia, which is well worth presenting as a model to other bilateral and multilateral ODA agencies concerned with similar issues. Such a program also offers a means to bring about a stronger civil society within Indonesia as a whole, which can help in the democratic consolidation process that has been underway.

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Appendix A: Overall External Assistance to Indonesia
in \$ Millions
 IND, March 1999.

— Indonesia: 1994/5-1997/8 (annual average)		1998/9				
21, 1999	Loan	Grant	Total	Loan	Grant	Total
Multilaterals						
World Bank	1,350.0	1,350.0	1,350.0	2,700.0	7.8	2,707.8
ADB	1,175.0	1,175.0	1,186.2	1,880.0	12.0	1,892.0
Others	104.3	151.1	255.4	250.0	144.0	394.0
Subtotal	2,629.3	2,676.1	2,791.6	4,830.0	163.8	4,993.8
Bilaterals						
Japan	1,735.5	172.5	1,908.0	1,145.8	259.7	1,405.5
Germany	33.8	55.5	139.3	211.3	21.0	232.3
USA	25.0	57.3	82.3	20.5	3.4	23.9
Others	161.2	118.3	279.5	56.0	243.7	299.7
Subtotal	2,121.4	404.1	2,525.5	1,533.6	682.8	2,216.4
Total	4,750.7	3,080.2	5,317.1	6,363.6	846.6	7,210.2

Source: ADB Country Assistance Plan
 Lembaga Mitra Lingkungan, Makassar, South

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Appendix B: JICA Emergency Aid Program Support to NGOs

Project	NGO	Relevant Ministry	Activities	Cost
Installation of a community drinking water system in Kamanggi village, East Sumba	People-Centered Business & Economic Institute (IBEKA)	Ministry of Cooperatives, Small & Medium Enterprises	Water system construction; maintenance training for NGO staff; other training	Rp. 2,138,574,890 (US \$251,597)
Develop irrigation facilities in Pengasingan and Bedahan villages, West Java	OISCA alumni association	Ministry of Public Works, Ministry of Agriculture	Provision of infrastructure (employing local people); maintenance training; management training	Rp. 1,700,000,000 (US \$200,000)
Provide primary health care on islands off S. Sulawesi	Institute for Rural, Coastal & Community Studies (LP3M)	Ministry of Health	Training communities to manage dispensaries; information, education & communication (IEC) training; outreach by local doctors; provision of pharmaceuticals	Rp. 1,289,218,254 (US \$151,673)
Empower the poor in rural S. Sulawesi	Environmental Partner Institute (LML)	Ministry of Home Affairs	Support for community self-help groups	970,335,000 (US \$114,157) Ongoing
Social Safety Net Program for 14 villages on Sabu island, East Nusa Tenggara	World Vision International	Cabinet Secretariat	Food for work; health care; infrastructure & maintenance; community capacity building	Rp. 1,354,568,000 (US \$159,361)
Provide subsidized food, and health services for pedicab drivers & their families in Makassar, S. Sulawesi	Indonesian Planned Parenthood Federation	Ministry of Health, National Family Planning Coordination Committee	Clinic renovation; subsidized food packet distribution; provision of subsidized health services; health information services	Rp. 223,423,766 (US \$ 26,285)
Support to elementary school students in Cawang, Jakarta	World Vision International	Cabinet Secretariat	Food and health support in six schools	Rp. 250,410,000 (US \$29,460)

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The Synergos Institute is a nonprofit organization based in New York that works with local partners around the world to fight poverty.

Together, we build the local human, financial and social capital needed to create sustainable solutions to poverty.

Together, we:

- Strengthen the capacity and impact of local foundations that raise and direct resources for social investment
- Prepare leaders from all sectors to bring diverse groups together to address complex problems using a new approach called "bridging leadership"
- Provide committed philanthropists with opportunities to learn from each other and to invest in successful local initiatives to combat poverty.

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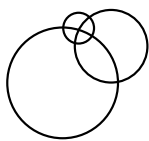
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