[**NGOs and Good Governance**](https://www.globalpolicy.org/component/content/article/176-general/31383.html)

As one of the most important elements of the civil society, thousands of new NGOs have cropped up in different provinces with mostly two purposes: To monitor the government and other public institutions and to take part in assisting different groups of poor people who have suffered the most from the economic crisis.

We find today many "watchdog" organizations. They include corruption watch, government watch, judicial watch, parliament watch, police watch, army watch, media watch and so on which could never exist in the New Order era.

The involvement of NGOs in poverty reduction programs and the like has increased due to changes in the stance and policies of the government towards NGOs. Sometimes with the pressure from donor agencies, the government has created more space for NGOs to take part in government programs, notably those related to poverty alleviation.

However, the freedom has not been supported by legal stipulations and/or moral principles regarding NGOs' operation, which is harming their image. There are three negative forms of newly formed NGOs:

First, NGOs set up by government officials, business people or people aiming for profit. NGOs are set up just to grab government projects financed with overseas loans, as donor agencies require that the projects should be carried out by NGOs.

Secondly, groups who claim to be NGOs and are very active in practical politics. They are formed to support (or reject) candidates for the posts of governor, regent or mayors.

Thirdly, "exploitive NGOs" who carry out control also with the purpose for profits; their findings, related to irregularities involving government officials or the private sector, are not made public, and instead are used to blackmail these sectors.

Any organization should maintain at least five characteristics. First, non-governmental; NGOs should be independent, autonomous and separated from state or government organizations. The question is whether NGOs formed and managed by government officials still can be called NGOs. Another issue is how the term "non-governmental" can be translated into NGO governance and how to resolve conflicts of interests. This is because the concept of conflict of interest seems to be little known and neglected among many in Indonesia.

Second, non-partisan; NGOs should not be in any way related to political parties. Many political party officials have formed NGOs, and many NGO activists have become party executives.

Third, voluntarism. In any NGO, a number of people must voluntarily contribute their views, time and energy, without pay. They include the founders and members of the advisory board, supervisory board, board of trustees, and board of directors. They should be differentiated from NGO executives and staff who are professionals and receive salaries. But sometimes the board of directors also serve as executives. Aside from the absence of effective control mechanisms (checks and balances), this makes everybody in the organizations salary people. The concept of voluntarism thus becomes vague.

Fourth, NGOs are non-profit organizations. A surplus of revenue must not be divided among founders and members of NGO executives. This differentiation from profit organizations must be very clear. But sometimes founders and board members form business enterprises (with funds from their NGOs, aimed at making them less dependent on donors) and later become members of their board of commissioners or board of directors. They receive big salaries and dividends. Unfortunately when this business entity succeeds to make big profits, the profits are not used to meet the needs of the NGO which set up the firm.

Fifth, NGOs must meet the needs of society, the poor, the outcast and others whose rights are violated. NGOs help people to develop their potential and fulfill their rights through direct and indirect action. NGOs also air their concerns about government policies and actions which affect society.

A lack of these characteristics show the problem in NGO governance. Many NGOs do not have written standard operating procedures which, among others things, stipulates salary systems, rights and obligations of employees, procedures of goods procurement, procedures of money spending, and so on.

Further, many do not have accounting systems in line with generally accepted principles; many NGOs have never made public their reports on their activities and financial reports. Any programs or forms of activities carried out by NGOs should be based on ideal values which are formulated into vision, mission and goals of the organizations. They are called moral values.

Several of the above points are now in Law No. 16 Year 2001 on Foundations which became effective on Aug. 6, 2002 (But some articles may be amended to be made effective next year). This law affects NGOs because some 90 percent of NGOs here are legally foundations. Among others, the law regulates that annual reports must be made public on the notice board at the foundation's office. Also, any foundation which acquires funds from the state and from overseas which amounts to Rp 500 million (US $60,000) or more, is subject to making their annual report public through Indonesian language daily newspapers. They are also subject to be audited by public accountants.

An effective enforcement of this law would lead to good governance among many NGOs which are legally foundations, though strong criticisms are understandable from NGOs who see the government is going too far in regulating NGOs. The regulation would indeed entail uniformity in NGOs organizational structure -- foundations must have advisory, supervisory and management boards.

Also, the ruling that the legal status of foundations must be ratified by the Minister of Justice has raised fears that this will lead to red tape and further corruption, collusion and nepotism (KKN), and target organizations which are disliked by the government. This view cannot be separated from NGOs' traumatic experiences in the New Order era.

Self regulation is another way to improve NGOs -- either by efforts of respective organizations or that of NGOs as a community which could formulate a code of ethics and standards for activities and good governance.

The existence of healthy and strong NGOs -- in that they are formed voluntarily, not oriented to profits, independent of the government, transparently managed, democratic, accountable and are oriented to and represent public interest -- has since long been the concern in the international community.

Donor countries have placed an even greater emphasis on the importance of involving NGOs in designing, planning and implementing development projects by developing participatory development systems. The governments of borrowing countries are required to create a conducive situation for the growth and development of NGOs by formulating laws and regulations which can encourage NGOs to increase their contribution to national development.

But governance reform must become an important focus for civil society organizations themselves so as to develop NGOs which are effective, efficient, professional, transparent and accountable.