

ANNUAL REPORT

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infid International
NGO Forum
on Indonesian
Development

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Introduction

The 2007 program was the beginning of a new period of INFID, from two aspects: (1) the change of structure and by-laws, and (2) the funding period. In 2006 the General Assembly decided that INFID be changed from Foundation to Membership Association, and hence the structure of the Secretariat has to be also accommodate the change. The change of the structure of the Secretariat actually preceded the change of the legal status and by-laws of INFID. The change of the legal status and by-laws strengthened the change in the structure of the Secretariat. The structure of the Secretariat was changed to maximize the use of available resources for maximum achievement in advocacy of the issues carried by INFID.

The 2007 was the start of the new funding period of INFID. The traditional funders of INFID need to be re-negotiated and some funders terminated their partnership due to various reasons. This situation put pressure on INFID's efforts for securing its long-term financial capacities. Many efforts have been taken, but the results have not been secured enough. There is still a need for more works on fund raising. Therefore INFID is trying to improve its performance and quality of work.

In terms of teamwork in INFID Secretariat and the coordination and cooperation with members, the performance is increasing. This helped promoting the reputation of INFID at sub-national, national and international levels.

As an advocacy NGO, INFID finds it difficult for raising funds from the public and to invest in profitable activities. The dependence on external funding support is inevitable. The dependence on the external funding support, however, does not mean that INFID has to obey to the "political conditionalities" required by the funders such as that INFID is not allowed to challenge the policies of the government of the origin of the funding agency. INFID has to be consistent to its mission of fighting against injustice and for sustainable and equitable development.

The position of INFID against CGI, for instance, was taken after thorough and deep discussions and analysis about the roles of this aid coordination forum vis-à-vis the

development policies of Indonesia. This did not mean that INFID was against the donors or creditors (bilateral and multilateral); INFID promoted fair negotiations. It was naïve to say that CGI can be used by INFID to put pressure on the government of Indonesia, as have been expressed by certain funders and members of INFID. INFID is not in a position of weakening the government of Indonesia; on the contrary the government of Indonesia needs to be strengthened in international negotiations and in its performance to implement its obligations to fulfill and to protect the rights of the citizens. The CGI on the other hand has been used by certain creditors (such as the World Bank) to put pressure on Indonesian government to implement all their neoliberal economic and political prescriptions. This was one of the reasons why INFID demanded the termination of CGI, and proposed no other aid coordination forum for Indonesia. If certain funders and members wanted to use INFID to support CGI and other kinds of aid coordination forum that has been obviously used by the creditors to enhance their own interests and undermine the interests of the people of Indonesia and human rights in general, they have made wrong choices of becoming partners and members of INFID.

The increasing complexities of policy options of the present government of Indonesia have posed certain challenges to INFID and members, which need to be responded in more comprehensive and systematic ways. So is also the complicated games played by the politicians in the legislative bodies from district to national levels. The unclear political and ideological orientations of the politicians and political parties have contributed to the complexities of Indonesian democracy that bring certain challenge for promoting equitable and sustainable development.

On the other hand the capacities of NGOs at various levels to digest the policy and political signals need to be promoted, in order that the NGOs are not easily dictated by the public media trends. The NGOs need to be able to absorb and critically understand the social, political and economic realities. This is also a challenge for INFID to help provide critical analysis of the social, political and economic trends. One of the ways that should be taken by INFID is to provide capacity building for members and local partners in research skills. Research skills will help equip the members and partners with tools that are needed for critical awareness and critical analysis of the policies and existing political,

economic and social realities. It is expected that with these capacities, the INFID and members and partners are able to contribute to the achievement of equitable and sustainable development that put the interests and welfare of the poor at the top priorities.

Jakarta, March 2008

CHAPTER I

EXTERNAL SITUATION AND INFID'S RESPONSES

A. International Situation

A.1. International Financial Institutions

Since the early 2007 Regional and International financial institutions (the World Bank, IMF, Asian Development Bank) had been widely criticized strongly, not only for their declining performance but also for the internal condition of the institutions. The credibility and legitimacy of two International Financial Institutions-IFIs- the World Bank and International Monetary Fund (IMF) was being questioned. Yet all the time the two institutions had become the tools to ensure the obedience of the states to Global Economy concept.

The declining credibility of the two international financial institutions was related to the internal situation of the two institutions. The World Bank was hit by the issues of corruption and power abuse. While IMF was hit by the issue of their failure in giving the right prescription for poor and developing countries in solving the monetary problem and IMF's internal financial crisis. Governance issue in the two financial institutions was also being harshly criticized by various poor and developing countries and civil society groups related to the decision making power which had been regulated by voting quota based on share holding. Moreover, the two institutions turned out of not complying with the democracy and non discrimination principles in the highest leadership election. The two institutions still maintained the old tradition that the leadership of the World Bank should be determined by the American government and should be an American, while IMF had been determined by the governments of European countries and should be a European.

Eventually the World Bank was directed by Robert Zoellick (53 years), former deputy to the Minister for Trade in President Bush's government and the second diplomat in the US for international trade affairs. Strauss-Kahn from Europe was elected as the president of IMF, succeeding Rodrigo de Rato who had resigned without any clear reasons.

INFID together with Non Governmental Organizations from various countries actively has been responding to the critical situation and the leadership change process which was not democratic. INFID's demand to the two IFIs in its various statements during 2007: Total Reform and Democratization of the World Bank and IMF.

In the middle of the crisis encountered by the two IFIs, world class actors (Hugo Chaves, Gonzales, Morales) emerged establishing Bank of the South. They also terminated their relationship with IMF and the World Bank. The emergence of those actors and the establishment of Bank of the South as an alternative discourse of the domination of the two post-industrial countries dominated financial institutions, mostly the United States and Europe countries.

China and Russia, the countries that do not follow the global economic prescriptions, are very successful in their economic growth and financial surplus, offered aid and joint ventures to developing countries including Indonesia. Businesswise, China's interest in the Asia Pacific zone was very great. China never gave any conditionality in debt agreement and investment, but China only obliged the involvement of Chinese team in every project. China is preferred by the Asia Pacific countries since China did not interfere in the debtor countries' sovereignty. The strategy of Russia and China disrupted the World Bank's supremacy over developing countries.

Asian Development Bank (ADB) was criticized by many of its member countries on its standards which were considered to slow down the development of the countries. Independent evaluation's results stated that approximately 70-80% of ADB's loans to poor countries were not effective for poverty alleviation. Nevertheless ADB attempted to continue increasing the debt liquidation target on its member countries.

To overcome the internal financial crisis, ADB began to expand its business by giving loans to private sectors and making investments and reducing the conditionality and untightening its policy for environmental and social protection for its debtors.

Dealing with uncertain and even declining commitment of the developed countries for IDA replenishment for grant, *soft loans* and part of technical assistance to poor countries, the World Bank started to turn its focus on *middle income countries* with its loans with competitive interests. The income from loans to middle income countries is expected to be used for supporting the operation of the World Bank which seems to be left alone by developed countries. Indonesia was included in the target of the World Bank as a middle income country. As a middle income country Indonesia would no longer receive the soft loans from IDA. For Indonesia in particular, the World Bank starting from 2008 will be giving loans focused more on the legal reform to accelerate the judicial framework for foreign direct investment, trade liberalization, and the continuation of privatization. The loans to middle income countries indicated that the World Bank began to exploit the middle income countries to fund the poverty eradication program in poor countries, and it is no longer implementing the commitments of the developed countries for poverty eradication in the poor countries.

In response to the new emerging donors such as China, Russia and the Middle East countries, that are perceived as competitors to the international financial institutions such as the World Bank, IMF and ADB, the IFIs started to lower their standards for environmental and social protection (*Safeguard Policy*). ADB for instance issued the draft of the Safeguard Policy revision in October 2007. The amendment was rejected by various Civilian Society groups.

INFID together with Non Governmental Organizations at international and national level resisted the enactment of the Safeguard policy, for it would cause systematical environmental destruction and impoverishment as well as the destruction of the pillars of democracy.

A.2. The Global Economy

In the 33rd G8 Meeting (USA, Germany, Canada, France, Russia, Japan, Italy and Britain) in Heiligendamm, Germany, 6 – 8 June 2007, the developed countries moved faraway from its commitment to poverty eradication in developing countries and did not indicate strong commitment in reducing carbon dioxide's



emission to prevent global warming. The developed countries tended to protect their own economic interests. The decisions of the G-8 meeting tended to be disadvantaging for poor and developing countries, particularly related to the issues of migrant workers, debt reduction, corruption and Human Rights violation causing. The meeting was marked by protests of the environmental, human rights and development activists. **In response to the G8 Meeting, INFID launched a global campaign for debt cancellation for the purchase of 39 used battleships from East Germany which was indicated of involving corruption and collusion in the purchase and the human rights violation in the usage of the used battleships. These campaign was supported by the students from and organizations from different parts of the world (US, Canada, Latin America, Africa, Asia and several countries in Europe).**

The threat of recession and the deceleration of the growth of the global economy began since 2007. The crisis was initiated by the cases of *Supreme Mortgage* in the United States, the declining of US dollar value against other currencies. It is estimated that the economy of the US will cause an impact on the economy in Asia, including Indonesia. The price of world fuel and food began to indicate instability due to the international market actors' speculation. Neoliberal economy theory which stated that the market mechanism would give welfare for all people in every country turned out to be unproven.

On the other hand, countries considered by developed countries (USA and European countries) as noncompliant to the regulation of globalized economy, such as Russia, China and India, showed swift progress in their economy in the form of high economic growth, budget surplus, and an increase in the export. The economic competition between China and USA had increasingly become stronger and China was considered as a menace to the American and world trade. The battle of influence of the two countries also occurred in Indonesia. The United States began to be apprehensive of the closeness of Indonesia with China and Russia. Similarly the European countries considered the US as their major competitor in Asia and Pacific; therefore the European countries began to launch *soft power diplomacy* to counter the *hard power diplomacy* of the US.

The position of developing countries in WTO (World Trade Organization) began to be solid, which was proven with the failure of Doha Round of WTO. In order to avoid the failure of global free trade, IMF, World Bank and WTO began to approach individual countries that are weak in the trade negotiation, including Indonesia, through bilateral agreements, for example the signing of EPA (Economic Partnership Agreement) between Indonesia and Japan; America, and Australia. The content of EPA reflected the items in WTO negotiation/talks. Responding to such progress, INFID working together with IGJ (Institute for Global Justice), Bina Desa and other NGOs monitored the progress of the partnership. For INFID the monitoring of the partnership was related to the monitoring of MDGs Goal 8 Achievement Objectives. The World Bank, IMF and Asian Development Bank had also carried out direct intervention in the developing countries by urging trade liberalization and investment liberalization through legal reform process. The Investment Law and the draft review to Labour Law were some of the tools to urge Indonesian free trade. So without WTO agreements Indonesia would have been totally opened for global free trade.

A.3. Stronger Regionalism

The ASEAN countries have started to promote regional economic cooperation and regional free trade. The economic cooperation has been formalized in the Free Trade

Agreement (FTA) at the ASEAN level. Economy partnerships were also strengthened with other countries outside of ASEAN such as ASEAN + 3 (China, South Korea and Japan) relationships. ASEAN is going to develop a separate economic regional bloc which had significant trade volume and economic capitalization. Nevertheless ASEAN economy still encountered disparity among its members. Regionalism in ASEAN was influenced by internal competence of each country and was not based on regional solidarity such as those in Latin/South American countries with the establishment of the Bank of the South.

The South American countries strengthen the cooperative spirit to support each other to achieve higher progress and develop stronger partnerships. In ASEAN there is a growing spirit of competition as expressed in the slow moving of the AEC (*Asean Economic Community*). The opening of free market in ASEAN indicated the incapability of ASEAN to go against the power of IFIs. AFTA (ASEAN Free Trade Area) and FTA (*Free Trade Agreement*) with other countries outside of ASEAN were totally directed to the global free trade starting from the region.

ASEAN is still without clear regional identity. Although there has been ASEAN Charter, it has not been operational since there are still obstacles from within the member countries. Indonesia's own role at the ASEAN level has also been declining (particularly after the economy crisis) including Indonesia's position on Myanmar. One of the current biggest challenges is how to increase Indonesia's role in ASEAN and to encourage ASEAN Charter to be operational. ASEAN's Human Rights council needs to be established, and the civil society organizations have to be able to give their input to the Government of Indonesia in playing its positive role in ASEAN. At civil society level, the quasi NGOs such as CSIS in Indonesia has been more accommodated by the ASEAN rather than the actual NGOs.

The civil society participation in ASEAN is still very weak. INFID, IGJ and HRWG and several other NGOs are still in the process of seeking the format to play positive roles in ASEAN.

A.4. Global Partnership on Financing for Development

Global partnership on Financing for Development has been continuously urged by the UN. The global partnership is the 8th goal of the Millennium Development Goals (MDGs) which is the commitment commonly agreed in 2000 to reduce half of the total poor population by 2015 through the Millennium Development Goals (MDGs).

The developed countries, particularly members of G8, have committed to realize *Monterey Consensus (Financing For Development (FfD))* to provide 0.7 % of their GNI for MDGs achievement. The competition among European countries in showing which country fulfills the Ffd commitment best has a positive value for the realization of the commitment. The highest commitment for Ffd in 2007 was achieved by Austria and Switzerland. Unfortunately the trade of these two countries is not open to developing countries. The support of Austria and Switzerland for Indonesia is also very little, and Austria's tied aid to Indonesia is the highest in percentage.

Five years since the MDGs commitment, in March 2005, 22 donors and their 57 partners from the developing countries signed a joint commitment to increase the effectiveness of aid to developing or poor countries. The commitment was made in Paris and called as "**Paris Declaration on Aid Effectiveness**". The agreement was not really approved by the civil societies, nevertheless later it is still used by the civil societies in monitoring debts and grants provided to the poor and developing countries by the donors.

INFID plays a role, using the **Paris Declaration on Aid Effectiveness**, in monitoring aid from the donor/creditor countries and international financial institutions. INFID is actively involved in high level forum, meetings and experts workshops conducted by the Organization for Economic Co-operation and Development (OECD) on *Aid Effectiveness and Financing for Development*, and has been involved in meetings and consultations with the the National Development Planning Board (Badan Perencanaan Pembangunan Nasional - Bappenas) for the preparation of the monitoring of aid effectiveness in Indonesia, which is planned to be held in 2008.

OECD meetings are also used as the forum to hold the dialogues on policies to promote new initiatives in financing for MDG achievement. INFID has been actively involved both as a resource person and active participant in the meeting held by DAC OECD at both regional and international forums and meetings to review the Paris Declaration. Paper presented by INFID in OECD Experts Workshop on Democratic Ownership was published by OECD and quoted in a book on Democratic Ownership published by the Development Unit of OECD Paris. INFID's papers on "Multilateral Donors and Aid Conditionality" and "Democratic Ownership and CSOs Roles in Aid Effectiveness" will be published in the book Reality of Aid in 2008.

INFID also actively promoted *Debt for MDG Swap*. At the same time, Global Fund promoted *Debt2Health*. *Global Fund* lobbied Germany and Australia for debt swap for health to reduce malaria, HIV/AIDS and TBC in Indonesia. Germany has approved the debt swap of Euro 25 million. During the election campaign of the Labour Party in Australia, the Labour Party promised to swap some of the debt to Indonesia for health. In September 2007 INFID and Debt Watch Australia were interviewed in Radio Australia together with the speaker from the Labour Party discussing about the debt swap.



The climate change issue, which has been stronger before and after the climate change conference in Bali (UNFCCC) might have impact on the economic relations between the developed countries and developing countries concerning the *Global partnership*.

Nevertheless Global partnership can become a trap for developing countries. Certain developed countries can put all forms of economic cooperation as part of global partnership under the MDGs Goal 8. For instance, the aid from Australia for environment and forests (which is under Goal 7) is considered as a part of Goal 8. The climate change issue which used to be separate from development and poverty issues in the global talks and discourses will totally change the constellation on international aid. Within such context INFID took the initiative with several international organizations to promote “People’s Protocol on Climate Justice” which was declared in Sumberklampok, Bali, in December 2007 and has been taken over by the global networks of indigenous peoples.

A.5. World’s Political Situation

The victory of the Labour Party and Kevin Rudd as the Prime Minister of Australia in 2007 was expected to bring some changes in the relations between Indonesia and Australia, particularly relating to human rights, security issues and economic cooperation. During election campaign the Labour Party promised to promote cooperation with Indonesia, among others in environmental issues and debt swap for health. The human Rights issues particularly in Papua and Balibo case in East Timor, will be still continued since the Government of Australia has made a strong commitment to support the solution to the issues. The governments of Australia and Indonesia have established security partnership (Lombok Agreement) concerning the war against terrorism campaign.

Indonesia is still reluctant to promote defence cooperation with the US, regarding the military acquisition. Although the US has offered possibilities of the purchase of military equipments, Indonesia is still reluctant and prefers purchasing from other countries: Russia, China and European countries. Indonesia, however, is still perceived by the US as a strategic partner in the war against terrorism. On the other hand the economic cooperation between Indonesia and the US stepped to a new phase of preparation of Economic Partnership Agreement (EPA).

European Union sees relations with Indonesia, in its country strategic policy paper, need to be strengthened. EU finds it important to make a balance so that its relationship with Indonesia can be as strong as its relationship other countries such as China, Russia, USA and regional partners. Additionally, EU is in the progress of building economic partnership with ASEAN (ASEAN-EU Free Trade Agreement). INFID provided inputs to the EU country strategic policy paper, but the procedure was complicated that it came late to the desk of European Commission (EC). INFID found that the economic partnership (in terms of free trade agreement) between ASEAN and EU will probably bring loss most to Indonesia.

In the other hand, Japan has been the greatest creditor in Indonesia. The Japan loans are prioritized for infrastructure such as Railway System (including the Double-Double Track project in Jakarta), dam, land road and Nuclear Power Plant. Most of the projects are full of Human Rights violation, such as eviction and land dispossession of the local communities.. In 2006, the government of Japan changed its Constitution in order to be able to give ODA (*Official Development Assistance*) for military. In June 2006 Japan bestowed three patrol vessels to assist Indonesia in their surveillance of Malaka Strait. The amount of ODA given by the government of Japan to developing and poor countries has also been declining. This year (2007) the governments of Japan and Indonesia had signed the *Economic Partnership Agreement* (EPA) to strengthen the economic cooperation between the two countries. Nevertheless it is doubtful whether the partnership will be beneficial for Indonesia since EPA focuses more on energy and natural resource sectors with great scale of investment which will be beneficial only for Japan.

The political situation in the region did not affect much to the political situation in Indonesia. The coup d'état in Thailand, the Buddhist monks' protests against the military junta in Myanmar, ethnic conflict and protest against discriminative



politics of the government of Malaysia did not affect much to Indonesian politics, except the economic aspects. The political instability in the Philippines, Thailand and to certain extent Malaysia has made Indonesia as destination country for investment migration from the conflict ridden countries. Nevertheless the experience during 2007 indicated that the investments have not been beneficial for the Indonesian people. The investments were mostly in natural resources sector and not in manufacture sectors. Investments have caused environmental damage, forceful eviction of local people, and sudden closing down of companies without meeting the severance payment obligation to the labors. During the period of 2007, more than 70,000 labors of shoe factories were neglected and their normative rights weren't paid after the factory owner eluded from the responsibility.

Together with partners in several regions, INFID and partners strongly protested the government of Indonesia for providing more favour to the foreign investors and neglecting the rights of the people.

Relating to the international partnership in the defense sector, INFID together with the security sector reform networks have been monitoring several partnership agreements between Indonesia and the USA, Australia, and Russia. Russia has provided US\$ 1 billion to Indonesia for military assistance with the repayment period of 60 years.

B. INFID at National Level

B.1. Response to Economic Situation

2007 was started with the announcement of the termination of CGI (*Consultative Group on Indonesia*) by the President. The decision seemed to show the government's intention to end Indonesia's dependency on foreign aid and the aid coordination forum that has been dictating policies for Indonesia for 40 years since IGGI (*Inter-governmental Groups on Indonesia*) was established in 1967. Since then Indonesia had depended on the two aid coordination forums: IGGI and CGI. The government's reasons for dissolving CGI were: **First**, to make Indonesia more independent so that Indonesia would no longer dependent on foreign debts; **second**, to increase the bargaining power of the government in debt negotiation against the donor or creditor as well as to maintain the government's sovereignty in implementing development policies. The same reasons were used also by the government of Indonesia when paying back the Indonesian debt earlier to IMF in 2006.

The dissolution of CGI was the peak of INFID's advocacy after years of urging for CGI reform and CGI's leadership transition to the Indonesian government (*Indonesia Lead CGI*). The reform and leadership transition carried out in 2004 did not make the relationship between the Indonesian government and members and deputy chair of CGI (World Bank) better. Although formally Indonesia chaired the CGI meetings yet the agenda and the substance of the discussions were still determined by the World Bank. Therefore in the meeting in June 2006 INFID conveyed strong statement and position paper which urged the government of Indonesia to dissolve CGI.

In reality, the government of Indonesia is still depending on foreign debt. Indonesia's foreign debt withdrawal is focused more on three big creditors: the World Bank, the Asian Development Bank, and Japan. There has not been any significant reduction in new foreign debt withdrawal in 2007. The government is still dependent on foreign debts.

More than that, the Central Government provides new chances and encourages the provinces and districts to submit proposals for foreign loans, upon the approval by the central government (*on-lending mechanism*). This on-lending mechanism encourages several International Financial Institutions such as World Bank and ADB to provide assistance for the regional governments to submit proposals for foreign debts, involving local and national political elites, universities, and NGOs at the regional level. Most of the debt-supported projects are carried out under the pretense of grants.

The following table shows the amount of debt in 2006 and 2007.

FOREIGN DEBT IMPLEMENTATION PERFORMANCE RECAPITULATION
Per : 30 September 2007
[in million currency unit]

No.	Loan Donor/Creditor	Amount of Project/Program	Currency	Total Amount of Loan	Cumulative Withdrawal		Loan has not been withdrawn	Withdrawal 2007		
					Total	%		Target	Realization	%
[a]	[b]	[c]	[d]	[e]	[f]	[g=f/e]	[h=e-f]	[i]	[j]	[k=j/i]
	THREE MAJOR DONORS									
I	WORLD BANK	22	USD	2,183.17	1,128.20	51.68	1,054.97	578.42	252.20	43.60
	Program Loan	0	USD	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Project Loan	22	USD	2,183.17	1,128.20	51.68	1,054.97	578.42	252.20	43.60
II	ADB	31	USD	2,639.80	1,258.34	47.67	1,381.46	434.45	172.29	39.67
	Program Loan	3	USD	800.00	500.00	62.50	300.00	100.00	0.00	0.00
	Project Loan	28	USD	1,839.80	758.34	41.22	1,081.46	334.45	172.29	51.51
III	JBIC	51	JPY	705,137.00	232,771.31	33.01	472,365.69	125,566.48	65,592.54	52.24
	Program Loan	2	JPY	23,554.00	23,554.00	100.00	0.00	23,554.00	23,554.00	100.00
	Project Loan	49	JPY	681,583.00	209,217.31	30.70	472,365.69	102,012.48	42,038.54	41.21
IV	OTHER MULTILATERAL	17								
1	IDB	16	USD	382.91	95.03	24.82	287.88	124.17	30.16	24.29
2	IFAD	1	SDR	17.50	15.14	86.51	2.36	2.50	2.26	90.32
V	OTHER BILATERAL	12								
1	THE NETHERLANDS	1	EUR	22.39	14.91	66.58	7.48	12.09	7.71	63.74
2	CHINA	2	USD	315.07	150.95	47.91	164.13	170.36	81.76	47.99
3	GERMANY	6	EUR	216.99	98.65	45.46	118.34	22.46	7.93	35.33
4	KOREA	1	KRW	20,200.00	1,789.17	8.86	18,410.83	20,200.00	1,789.17	8.86
5	FRANCE	1	EUR	2.50	2.19	87.55	0.31	0.43	0.29	68.02
6	SPAIN	1	EUR	18.37	18.37	100.00	0.00	0.00	0.00	0.00
VI	FKE *)	13	USD	1,254.98	939.51	74.86	315.47	303.25	58.18	19.19

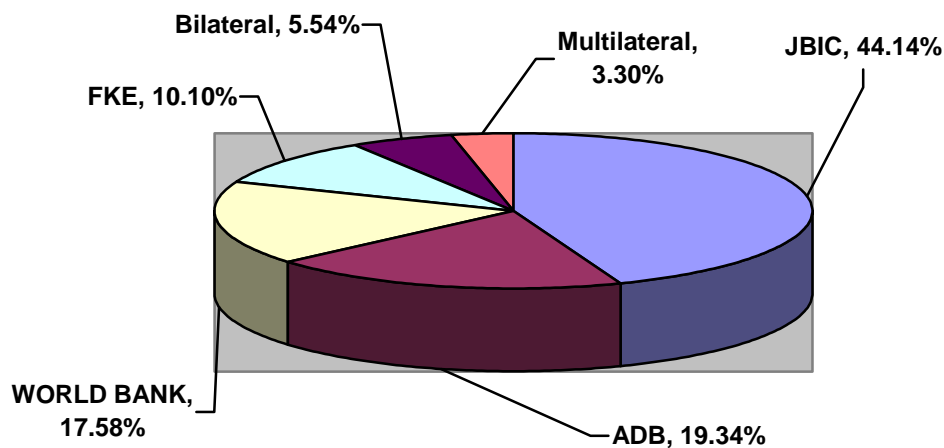
Note : *) Export Credit Facility Allocation

RECAPITULATION OF FOREIGN DEBT IMPLEMENTATION PERFORMANCE
IN US DOLLAR CURRENCY per 30 September 2007
[in million USD]

No.	Loan Donor/Creditor	Program/Project Amount	Total Amount Of Loan	Share (%)	Cumulative Withdrawal		Loan Has not been withdrawn	Withdrawal 2007		
					Total	%		Target	Realization	%
[a]	[b]	[c]	[d]	[e]	[f]	[g=f/e]	[h=d-f]	[i]	[j]	[k=j/i]
	THREE MAJOR DONORS									
I	WORLD BANK	22	2,183.17	16.39	1,128.20	51.68	1,054.97	578.42	252.20	43.60
	Program Loan	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Project Loan	22	2,183.17	16.39	1,128.20	51.68	1,054.97	578.42	252.20	43.60
II	ADB	31	2,639.80	19.82	1,258.34	47.67	1,381.46	434.45	172.29	39.67
	Program Loan	3	800.00	6.01	500.00	62.50	300.00	100.00	0.00	0.00
	Project Loan	28	1,839.80	13.81	758.34	41.22	1,081.46	334.45	172.29	51.51
III	JBIC	51	6,124.11	45.98	2,021.62	33.01	4,102.50	1,090.54	569.67	52.24
	Program Loan	2	204.57	1.54	204.57	0.00	0.00	204.57	204.57	100.00
	Project Loan	49	5,919.55	44.45	1,817.05	30.70	4,102.50	885.98	365.10	41.21
IV	OTHER MULTILATERAL	17	410.11	3.08	118.56	28.91	291.55	128.06	33.67	26.30
1	IDB	16	382.91	2.88	95.03	24.82	287.88	124.17	30.16	24.29
2	IFAD	1	27.20	0.20	23.53	86.52	3.67	3.89	3.5	90.32
V	OTHER BILATERAL	12	705.66	5.30	342.82	48.58	362.84	241.97	106.27	43.92
1	THE NETHERLANDS	1	31.70	0.24	21.11	66.59	10.59	17.12	10.92	63.74
2	CHINA	2	315.07	2.37	150.95	47.91	164.12	170.36	81.76	47.99
3	GERMANY	6	307.26	2.31	139.69	45.46	167.57	31.80	11.23	35.33
4	KOREA	1	22.08	0.17	1.96	8.86	20.12	22.08	1.96	8.86
5	FRANCE	1	3.54	0.03	3.10	87.45	0.44	0.61	0.41	68.02
6	SPAIN	1	26.01	0.20	26.01	100.00	0.00	0.00	0.00	0.00
VI	FKE *)	13	1,254.98	9.42	939.51	74.86	315.47	303.25	58.18	19.19
	TOTAL	146	13,317.84	100.00	5,809.05	43.62	7,508.79	2,776.69	1,192.29	42.94
	Program Loan	5	1,004.57	7.54	704.57	70.14	300.00	304.57	204.57	67.17
	Project Loan	141	12,313.27	92.46	5,104.48	41.46	7,208.79	2,472.12	987.72	39.95

Note: *) Export Credit Facility Allocation

FOREIGN DEBT RECAPITULATION DIAGRAM



The data shows that the dissolution of CGI did not mean reducing, not to say stopping, foreign debt and increasing the independency of Indonesian Government. Debt dependency on the three big creditors still continues. The portion of State Budget for debt repayment is still the biggest compared to those allocated for development purposes. As much as 36% of the budget allocation was spent on debt repayment, while for development and to cover the deficit, the government relies upon the fund obtained from new debts. The government has not and has never taken any step for debt cancellation.

The hope that the dissolution of CGI and early debt repayment to IMF by Indonesia would make the country more sovereign in making development policy choices was also unverified. The Republic of Indonesia's Minister for Finance in the speech during the luncheon with the Chief Economist of the World Bank in February 2007, stated that Indonesia had consistently and faithfully followed the guidelines of Washington Consensus in making the economic reform policy i.e.: Fiscal Discipline in the State Budget, Tax Reform, Interest rate liberalization, competitive exchange rate, Trade liberalization, foreign direct investment liberalization, privatization, deregulation, intellectual property rights. To ensure the implementation of *Washington Consensus* at sub-national level, the central government controlled the regional governments by controlling the Regional Budget and by supervising the regional regulations. The dissolution of CGI only gave one benefit which was that the World Bank no longer had any facility to convey their direction through *policy brief* which had always been claimed as representing CGI members and imposing them on the government of Indonesia. Neither could the World Bank make any *fait accompli* to the government. For example, when the government was about to present MDGs report, a week earlier the World Bank had already submitted the report on MDGs *achievements*. Another case was that when the legitimacy of BRR (Badan Rehabilitasi dan Rekonstruksi/Rehabilitation and Reconstruction Agency of Aceh and Nias) was questioned, on the same day the World Bank launched *Aceh* update trying to defend BRR that has been directly supervised by the World Bank. World Bank was always a step earlier in responding to the trend. It is very obvious that the World Bank is still trying to direct the government's policies.

Using the growing democracy in Indonesia, International Financial Institutions allocated funding for policy reform. As much as 29% of the loans from the World Bank is allocated for Legal Reform. It resulted in several policies to open up the way widely for foreign investment, such as: The Law on Railways System, the Investment Law, the Energy Law, the Law on Limited Company, the Tax Law, the Spatial Planning Regulations, and almost 80% of the regulations produced in 2007 were related to expansion of the span of control of the central government. The expanded span of control of the central government will help the central government in monitoring and ensuring the implementation of the entire political economy decided by the central government. The control on regional regulation, for instance, was implemented by putting the obligations for the regional governments to report the Regional Regulations to the central government and the central government has the authority to reject the regional regulations. Until June 2007 there have been 899 regional regulations being cancelled by the central government for not being friendly to investment. Interestingly, the central government did not object or revise the regional regulations that discriminate women and support the violation of human rights such as the Regional Regulations on Public Order (*Perda Tibum*) in the Province of Jakarta and the Regional Regulation on Immorality (*Perda Anti Maksiat*) in several provinces and districts.

The pro-market macroeconomic policies of the present government have not proved to be appropriate in eradicating poverty, even worse, the poverty level increased. The government's economic policies which rely more on the foreign investment and increasing debts, seem to have no positive impacts on the people. INFID's research in East Kalimantan in 2007 shows contrary trends between the increasing big investment and the spread of HIV/AIDS. The economic growth which was targeted to reach 6.4%, poverty reduction to reach 14.4% and unemployment reduction to reach 10.4% as had been planned in the Government's Work Plan for the year 2007, was not achieved.

B.2. Politics and Law

The present democracy in Indonesia is more ceremonial and procedural rather than substantial. The democratic institutions are controlled by party oligarchy in feudalistic manner. There is still huge gap between the political parties and parliamentary institutions with the constituents. The procedural democracy has weak control on the government. Therefore the government's policies do not represent the interests of the majority of the population, instead represent minority groups of business elites supported by the global market actors and the international financial institutions.

The patrimonialistic structures of the political parties and the tendency of money politics in the parliament have made the use of the rights and authorities of the parliament meaningless. The interpellations on the increased price and scarcity of food, the Lapindo Mud Volcano case, and the Central Bank's Bail-out Loans, failed to be carried out due to the closed door political lobbies among party elites. The parliament also does not pay serious attention to the food scarcity and the escalating price of food which caused poverty and hunger among the people. Democracy and welfare then become two separate terms that cannot be connected.

Legal products in the form of Laws, Government Regulations in lieu of a law (Perpu), and Government Regulations (Peraturan Pemerintah) and Presidential Decree (KepPres) produced by the government of Indonesia during 2007 were directed to the opening leeways for foreign investments and free trade. Some of the legal products were: Laws on new provinces and new districts, laws on free trade zone, tax, trade tariff, incentives for investors, the loose requirements for environmental and social protection, the reduction in direct support to the poor (subsidy), the release of staple food price to world market price, industrial relations dispute settlement regulation, forest utilization for investment, etc. Those policies resulted in: people find it even more difficult to afford for the price of basic commodities, environmental damage and human rights violation; the state lost the potency for financial income, and democracy process destruction due to the possibility of cancellation of regional regulations by the central government.

There was almost no single legal product that touched or gave resolution to people's problem related to poverty, such as food crisis, fuel scarcity, and lack of health services. The policy for the management of victims of Lapindo mud also resulted in injustice for the victims.

In the other hand the legal products at regional level are directed to religious fundamentalism and discriminative for women and the poor people, such as the Regional Regulation on Public Order, Regional Regulation on Immorality Eradication, Criminalization of the poor, The Mayor's decree on on the obligation to wear religious (Muslim) clothes for school students and regional government's employees keep occurring.

Various bills (RUU) threaten the democracy process such as the Bill of State Secrecy (RUU Kerahasiaan Negara) and the Bill on National Intelligence (RUU Intelejen) which are in the discussion process at the same time with the Bill of Freedom of Information that has been urged by the civil society.

In general, the law products at the level of Central Government and Regional Government contributed to the process of impoverishment, environmental destruction, and various forms of discriminative acts and human rights violation. The rhetoric and deed of the officials and their subordinates indicate anti-democracy attitude. The statement of the Chairman of Golkar (who is also the Vice President), Jusuf Kalla, that democracy is only tool and not the objective, and the main issue is welfare; therefore democracy could be put in a second place. In the other hand the urban poor and vendors' eviction case becomes more often carried out. The demolitions of traditional marketplaces which are preceded by failures in negotiation with the market's retailers/traders keep occurring. During January - September 2007 there have been 29 cases of traditional market burnt in various regions in Indonesia.

The freedom of expression is under threat. The critiques against the government policies or the policies imposed imposed by external parties were dealt with derogative responses

by the government, and labeled the critics as communists or terrorists. Imparsial, Kontras, and several NGOs activists in some regions were even accused as part of extremist group.

The government is still very cautious in taking steps related to the security sector reform (SBY always acts hesitantly). There is, however, positive progress relating the involvement of military in politics, where the expansion of TNI's roles is getting even less legitimacy. One of the current achievements in the defense sector is that several governmental regulations have been framed in such a way that they confined the military and police in politics. For instance, the sole source for defense budget should be from the State budget, and the military business should have been taken over within the next five years. Nevertheless regarding the military business the take over by the government is still slow.

B.3. Law Enforcement and Human Rights

Law enforcement is still very weak. Various cases of crimes and law violation such as environmental damage by corporations, corporate crime, corruption, illegal logging, etc were not solved. There were facts where the government and the court tended to defend and give favour to the proprietors such as in the case of illegal logging in Papua, environmental damages and degradation of human conditions as impacts of tailings of Newmont Minahasa in North Sulawesi. The violation of laws seemed to be tolerated for the sake of the maintenance of investment climate in Indonesia. The cases of Lapindo Mud, pollution by PT Newmont, corruption by Soeharto and his cronies, private debts and the private banks bail-out debts that have become the state burden, and the unended case of the murder of Munir; all indicate the trend of strengthening of impunity.

Serious cases of human rights violation in the past have not been dealt with seriously. The Attorney General and the Parliament kept shielding the state responsibility of the serious human rights violation related to the cases of Trisakti dan Semanggi. The human rights case tended to become political bargaining among the politicians in the parliament. The parliament stated that the investigation of KOMNAS HAM of the Trisakti dan Semanggi

cases , which have been categorized as serious human rights violation, are not serious human rights violation. .

The performance of the National Commission for Human Rights (KOMNAS HAM) for the period of 2002 -2007 was perceived as weak, as seen from the impacts of its activities on the victims of human rights in particular and the people in general.. The relationship between the National Commission for Human Rights (KOMNAS HAM) and the Regional Commissions for Human Rights was not clearly structured. The relationship and partnership between the National Commission for Human Rights and the civil society were also distant. Therefore the civil society took the chance of the recruitment of the new commissioners of KOMNAS HAM to revitalize KOMNAS HAM and to bring in fresh people with strong commitments to human rights..

INFID facilitated the meetings of several civil society organizations to develop strategies to revitalize the KOMNAS HAM and to encourage activists from civil society organizations to take part in the recruitment process. The results were promising.

Despite the increasing efforts and actions taken by the Corruption Eradication Commission (KPK) that have uncovered several corruption cases committed by government officials, yet the corruption cases remain a big problem, and the cases even increased and involved various public sectors, including parliament and judicial bodies. The law enforcement on corruption seemed to be politically selective. The cassation verdict of the Supreme Court (MA) the Suharto lawsuit against Time Magazine in which Suharto won was one of the indications of how strong the inherited political blocks in the judicial system are. The UN together with the World Bank launched StaR (*Stolen Asset Recovery*) which placed Soeharto as the most corrupted former President in the world. The response from the government of Indonesia was only to catch media appeal of the present government. On the other hand, the StaR program turned out to be new debt project package imposed on the third world's countries labeled as corrupted countries by the World Bank.

B.4. Poverty and MDG in Indonesia



The government had claimed of having reduced poverty in 2007, from 39.05 million people or 17.75% in 2006 to 37.17 million or 16.58 % in 2007. The government's claim gained strong criticism from various parties. The doubt on the decreasing number of poverty in Indonesia was caused by the changes in poverty indicator and data collection

method implemented by the National Statistics Bureau (BPS). The debate on numbers and figures of poverty has no benefit for the poor because in the end there still will be no policies and real programs that directly touch the structural poverty eradication. The government policies on the other hand tend to impoverish the people who have been living in perennial poverty.

The case of toddlers' death caused by *Kwashiorkor*, death and suicides committed by children and adults rooted in poverty keep occurring in various areas in Indonesia. Yet the central and regional governments tend to be ignorant of the reality of poverty and its impacts felt by the people.

Poverty is threatening for almost all the people with middle income, that keep them as living in vulnerability. The socialization of MDGs and problem identification for MDG's target achievement in the regions (particularly in the 13 regions conducted by INFID during 2007) indicated that the central government's policy



contributed to the impoverishment process. The policy of price liberalization of basic commodities to allow market to set the prices have made the people unable to attain the price of basic commodities which end up in the increase of malnutrition of the people and toddlers as well as the increasing mortality rate caused by hunger in all areas of Indonesia. The kerosene conversion to gas contributes to the worsening of poverty.

In the other hand, poverty becomes the commodity for the political elites who are preparing themselves for the general election (almost all groups were discussing about the poverty and politicking the poverty). The poverty issue is also echoed by people who historically were anti democracy, such as Wiranto.

In reality, the number and percentage of poor people increased compared to 2004 when SBY –JK were elected for presidency position.

Number and Percentage of poor people and unemployed from 2004-2007

No	Year	Poor	People	Unemployed	Percentage
		million	Percentage	million	
1.	2004	36.1	16.7%	10.3	9.4%
2.	2005 (Feb)	35.1	16.0%	10.8	10.3%
3*	2005 (Nov)	70.0	33 %	11.6	10.8%
4.	2006	39.05	17.75%	10.9	10.3%
5.	2007	37.17	16.58%	10.6	9.8 %

The drastic increase of unemployment and poor people at the end of November 2005 was the result of fuel price increase in October 2005. Drastic declining number of poor people from November 2005 to March 2006 was a prediction number assuming that the poor who receive the conditional cash transfer were able to adjust themselves with the hiked prices. The conditional cash transfer received by the poor was temporary and in fact did not help them from vulnerability to extreme poverty.

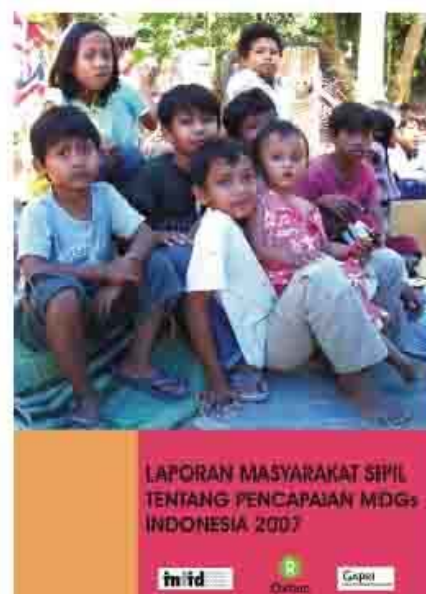
In the 2007 Government’s Work Plan (RKP), the macro economy policy was directed to **INCREASE THE ECONOMIC CAPABILITY IN CREATING BROADER EMPLOYMENT OPPORTUNITY AND TO REDUCE THE NUMBER OF POOR PEOPLE BY ENCOURAGING**

ECONOMIC GROWTH AND MAINTAINING ECONOMIC STABILITY. The government's priority was to reduce the number of poor people from 17.75% in 2006 to 14.4 % and unemployment; the open unemployment to 10.4% in 2007. The economic growth was projected to be approximately 6.4%. Nevertheless the targets of the macro-economic policy could not be met. The increase of oil price in October 2005 up to 127%, triggered the increase of prices of all commodities and services, that caused the inflation rate to 8.7% (m-t-m). In general the inflation rate in 2005 was 17.1%, higher than that of the previous year (6.4%). The impacts of the 2005 policy remain until 2007.

The government's claim that the number of poor people decreased yet the people suffering from hunger increased, should be questioned. Likewise with toddlers' death caused by malnutrition and lack of medical services keep increasing. Whereas the MDG Goal 1, Target 2: *Decreasing people suffering from hunger by half between 1990-2015, giving the indicator of success by the decreasing prevalence of toddlers with malnutrition and proportion of people who were below the line of minimal consumption (2,100 kcal/per capita/day).*

It can be confirmed that people might experience more impoverishment in 2008 along with the Indonesian government's policy that still uses international market price for strategic commodities such as refined fuel (BBM) and staple food.

Regarding the situation, INFID keeps conveying its statements and carrying out policy dialogues with the government and the parliament to change their policy to be more poor-oriented. Nevertheless INFID's efforts have not showed any results yet. In December 2007 INFID launched the citizen reports on the MDGs Achievements vis-à-vis the government reports, with challenging findings.

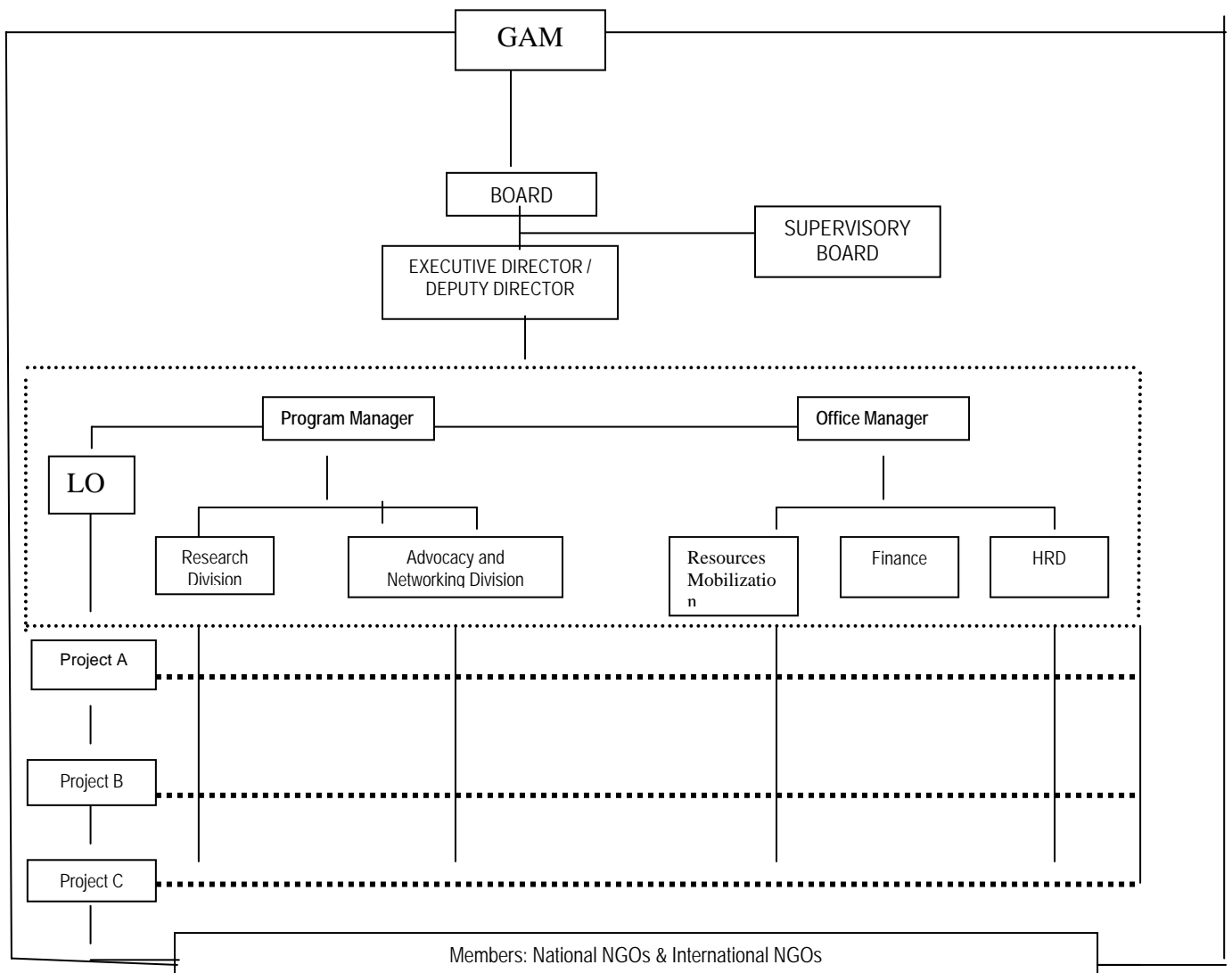


C. INFID's Internal Analysis

1. Secretariat of INFID

Starting from January 2007, the Secretariat has used new organizational structure. The new structure was made and implemented for the objectives of: (1) maximizing the utilization of existing staff's skills and other capacities; (2) building and strengthening INFID's working teams; (3) Synergizing three INFID's issues, and (4) filling the gaps of the weak points in the INFID's secretariat. INFID's advocacy and research have been improved.

The New Structure of INFID's Secretariat



In Planning formulation, two of INFID's divisions, i.e. Research and Publication & Documentation division and Campaign and Networking division focus on three issues that have been the focus of INFID which are : (1) civilian supremacy (security sector reformation) and Human Rights; (2) Debt (Cancellation) Campaign, and (3) Poverty Reduction and MDG Achievement.

The position of each staff with their job description in general has been renewed. In each implementation of activities a team work is established, therefore every staff in INFID has the opportunity to be involved in INFID's activities and has the opportunity to study issues that were and are being advocated by INFID.

For coordination, meetings at each level has been done: program team meeting, division team meeting, staff meeting, senior management team meeting, and financial team meeting.

The structural change contributes to the strengthening of INFID's teamwork and new working culture building, in accordance with organizational form of INFID which is now an Association.

There are still some obstacles in encouraging teamwork, because for a relatively long time every individual has been used to work individually. But slowly the teamwork at division level increased and each team member knows everybody's activities that ensure back-up and coordination.

Cross-learning and discussions among team members have also been initialized. This encourages each staff to study each topic in their work plan deeper, although there has also been work load issue. Work load issue mainly comes from the reality that each program staff also participates in other organizational activities: meetings, workshops, writings, etc. This caused time management problem for meetings and discussions among team members. Therefore each staff is encouraged to adjust external responsibilities with routine tasks in the Secretariat.

2. Members, Board and Network of INFID

The sense of ownership of INFID's members on INFID is very great. It can be seen from the varieties of activities which had been planned together from the beginning between INFID's secretariat and members, such as the campaigns related to the issues of human rights, democracy,



debt and poverty which are the focus of the issues mandated by INFID's members to INFID's secretariat. Additionally, INFID's secretariat also contributes and facilitates the discussions related to the issues which are the concerns of INFID's members. INFID members' consolidation went on smoothly through the works of networks as well as organizational meetings such as: INFID Forum, while ideas or thoughts consolidations are carried out electronically such as INFID members' mailing list.

INFID's networks are still maintained by organizing joint activities. Additionally several informal meetings are held among networks in accordance with related issues as well as meeting of all networks from various generations.

The role of Board members who are active in giving directions, suggestions, information, and perspectives from their point of view and experiences contribute to the Secretariat in strengthening the substance and strategy of advocacy. Additionally, the willingness of the Board members to be involved in various INFID activities and connecting the secretariat of INFID with the networks of each Board member also help the secretariat in building

and developing the synergy among INFID's member organizations as well as INFID's networks.

Nevertheless despite the relatively active role of the board in monitoring secretariat's works, in 2007 two Board members, Alex Flor from Germany



and Kunibert Raffer from Austria resigned. The resignation was mainly caused by personal dissatisfaction in communication with the Secretariat and the financial situation of NFID. The Board was able to manage the resignation of the two board members.

3. The Closing of INFID's Liaison Office in Brussels

INFID had to close down its Liaison Office in Brussels due to the limited funding available to maintain the LO Brussels. The closing down of the LO was carried out at the end of 2007. To support advocacy of INFID's issues in Europe, INFID strengthens the network in several countries in Europe.

CHAPTER II

INFID's ACHIEVEMENTS IN 2007

Using the Results-Based Management Framework, INFID's achievements during 2007 are categorized as follows: improvement at organizational level (*Management Results*), changes at direct constituent level (*Enabling Results*) and changes at the society level (*Development Results*).

The results of the chain of activities conducted by Research, Documentation, and Publication Division, and by the Campaign, Lobby and Networking Division, in general were:

A. Research, Documentation and Publication Division

a. Research

Management Results:

1. The new structure and working team boosted up the working spirit for the Research team. The research team is able to use the research results and facilitate external researchers independently.
2. INFID was able to do its own research, and did not sub-contract it to other institutions. (Previously there had been some problems with several subcontracted researches. The result: several working papers had been done exclusively by INFID team members and had been distributed worldwide)
3. INFID was able to do the research on reconstruction and rehabilitation in Aceh, particularly on the donors' role.
4. INFID team was able to work together with research bodies from the universities as well as other NGOs
5. INFID was able to build a relationship with international institutions (see point 4 enabling result Report of the Research and Publication Division).
6. INFID possessed the basis for argumentation resulting from the researches and could be used for campaigns and lobbies (The Parliament had already used the statements from the researches of INFID).

b. Documentation

Management Results:

1. Documentation was collected on:
 - a. Activities of INFID and its networks
 - b. Data related to INFID's issues
 - c. INFID's Statements and articles
2. The formation of a data bank on data related to INFID's issues (although it is particularly on MDGs & Debt: data on the debt-funded regional projects still need to be improved)
3. The establishment of electronic library (e-library)

c. Publication

Management Results

1. INFID's website information updated
2. The publication of Short News Overview (SNO) regularly (It was been the task of LO Brussels, now is taken over by the Secretariat).
3. The publication of INFID Newsletter once in three months and Newspaper
4. The establishment of relationship with INFID members through the mailing lists managed by INFID (In the past, the information did not reach the members, now even the external information also reached the members by accessing INFID's website)

B. Advocacy (Campaign, Lobby and Networking) Division

Management Result

1. INFID used new strategy in debt advocacy by using legal (national and International) study. INFID took the legal aspects of foreign debt and it was seriously responded by several legal experts from Indonesia, the government officials and several INFID's partners abroad, particularly from Norway and the World Bank. Last year the paper on illegitimate debt was also presented in Switzerland where several INFID's partners attended such as Patricia Adams who is very interested in studying the legal aspect of foreign debts in Indonesia. There were also some lawyers who were willing to assist INFID's debt advocacy particularly the lawyers from Africa, although the one from Germany was still in doubt

2. INFID was capable to strengthen the partnership with its members and networks for campaign and lobby.
3. INFID was supported by the people, particularly the Indonesian people abroad in doing the campaign. Particularly for MDGs, the network has been quite solid particularly in several provinces. INFID also gained supports particularly from people studying abroad, where in the G8 meeting last year INFID received supporting letters from nearly the entire world from all of the Indonesian students abroad and religious organizations.

As for the result of the chain of activities on Research, Documentation and Publication, Campaign, Lobby and Network, was based on the focus of the issues:

- a. Civilian supremacy,
- b. Debts,
- c. Poverty and MDG, and
- d. Institutional Development.

1. Civilian Supremacy

Management Result

INFID was capable:

- ✚ To be the facilitator for its members working in Human Rights and SSR sector to jointly carry out advocacy on Civilian Supremacy. (INFID has been the facilitator for its members, where previously the Human rights and SSR team had been settled in Papua. For Geneva it is directly brought by HRWG, torture issue by Imparsial, Missing People by Kontras, and civil and political rights by Elsam, and ECOSOC by INFID)
- ✚ To identify the works of its members in the sector of Human Rights and SSR, as well as to fill in the gap. (There was an initiative from INFID members particularly in conflict areas to monitor human rights violation and the involvement of police and military in conflict areas).
- ✚ To carry out a study on the structure of security sector's program and defense budget.
- ✚ To do study on military acquisition and weaponry system (alutsista/Alat Utama Sistem Persenjataan) using the angle of the economic aspects of the reform of defense sector.

- ✚ To be an opinion builder for security sector reform issue (two aspects: weapons system and defense economy).
- ✚ To do consultation for the parliamentary hearing on the defense budget issue. (We encouraged budget increase for defense sector, emphasizing the elimination of weapons that are easily used without systemic procurement).
- ✚ To decide the position of supporting defense budget increase with conditions of strong civilian oversight and strong procurement system.
- ✚ To use Export Credit issue as the entry for debt and defense sector budget advocacy.
- ✚ To gather its members to monitor Indonesian – American defense partnership
- ✚ To suggest for screening test based on Human Rights violation on TNI members which were sent for training in USA.
- ✚ To accomplish three planned researches in 2007, and 2 researches which were planned in 2006 on Civilian Supremacy.

Enabling Result

INFID members and network:

- ✚ Working on Human Rights and security sector reform areas were capable to work together through Civilian Supremacy issue.
- ✚ Started monitoring export credit
- ✚ Were capable to monitor Indonesian-American defense partnership
- ✚ Increasing the comprehension and involvement of network and members in SSR
- ✚ Changing view from rejecting defense sector budget increase to accepting it with the condition of strong civilian oversight and procurement system. (INFID's prior position was the military budget should not increase. Now we encourage budgetary increase but it should remain under the civilian oversight and strong procurement system).
- ✚ Have better/stronger understanding and adequate resources in carrying out civilian supremacy advocacy.
- ✚ Capable to have dialogues with policy makers in the defense sector (by having several dialogues with Commission I, both personally and with the entire commission)

Development Result

- ✚ The government began to open the chance for partnership with Russia and other countries for defense sector, thus it did not depend solely on US of America
- ✚ The existence of one door policy system for military acquisition based on the result of INFID's research. (In 2006, INFID published the book on Defense Economy and organized limited workshop with the Ministry of Defense. Afterwards the Ministry issued the regulation to use one door policy in export credit)
- ✚ The existence of defense strategic industry revitalization policy at national level as replacement of export credit facility. (During the launching of Defense Economy book, the Minister of Defense had a commitment to develop research and development division and the funding for defense industry revitalization)

2. Debt

Management Results:

INFID:

- ✚ Found new strategy for debt advocacy by using national and international laws as the bases of argumentation.
- ✚ Had legal argumentation to bring legal action on the case of German battleships project.
- ✚ Used cases as strategy for advocacy.
- ✚ Was capable to work together with people of Germany in doing the advocacy on German battleships project
- ✚ Completed 5 researches and 7 working paper of research results as information and learning material for the public on Debt issue.

Enabling Results:

- ✚ More people discussed about the Chapte 11, Article (2) of 1945 Constitution (UUD'45), All International agreements related to the state's finance and international cooperation that require the approval of the Parliament (DPR). (Regarding national laws, it could be seen from the direct responses by the Ministry of Finance. The department of Finance organized special training on the Constitution since

one of INFID's materials was on the policies of finance ministry that might contradict with the Constitution/UUD 1945).

- ✚ INFID members could learn about Indonesian constitutions that regulate illegitimate debt.
- ✚ INFID members could observe the impact of debt in their regions
- ✚ INFID members could identify Regional Budget/APBD structure that utilized debt and the role of their Regional House of Representatives
- ✚ The members understood the international agreement such as Vienna Convention of 1986 which regulated the obligation of International Financial Institutions and States in international law. Thus it could be made as the base to decide debt's illegitimacy.
- ✚ The direct support on debt advocacy from international NGOs and Indonesian people at international level.
- ✚ International lawyers (debt experts) held discussions on debt cases in Indonesia, which took the case of the debt of German battleships, ADB, World Bank, etc. INFID was specially invited and gave presentation about the topics.
- ✚ Members and network advocating the rights for information and Public Information Freedom Act/UU Kebebasan Informasi Publik took the loans agreement documents to be revealed to the public since they were public documents of which impacts and outcomes would directly affect the public.

Development Results:

- ✚ Public awareness about illegitimate debt caused by corruption that triggered social disobedience (farmers in Bengkulu) as expressed in the rejection to pay loans from ADB provided through the government. The government did not force them to pay.
- ✚ The people were capable to claim for legal action on the corruption of debt from ADB which had been given by the government in Bengkulu for small plantation project. The District Court/Pengadilan Negeri verdict the incidence of corruption in the project.

- ✚ Counselor and Ambassador of Germany responded to the letter sent by INFID regarding the debts for the German battleships.
- ✚ The government of Germany made Debt Swap for Health amounting to 50,000,000 euro with assistance fund as much as 25,000,000 euro which was prepared by the government of Indonesia for health. The implementation was monitored by Global Fund. (The pattern had been suggested in INFID's seminar regarding Paris Club II in 1998).
- ✚ The commitment of the Australian Labor Party in their campaigns of debt cancellation amounting to as much as 75,000,000 AUS\$ to Debt 2 Health dan Nature, if the party won the election. The Party had won the election and had announced of its intention of cancelling the 75,000,000 AUS\$ debt.

3. MDGs

Management Results:

INFID:

- ✚ Viewed poverty in the frame of impoverishment as the impacts of the intervention of the international financial institutions in Indonesia's economic policies. (The government has used the term impoverishment, but it is quite strange since they blame the sub-national governments as the actors of impoverishment)
- ✚ Was capable to campaign MDGs through various media (leaflet, poster, film, mailing list)
- ✚ Was able to complete four out of five researches that was planned for the MDGs issue
- ✚ Was capable to present results of researches in closed discussions with JBIC (during 2007, we held two meetings with JBIC on the study of their projects).

Enabling Results:

- ✚ Members and network of INFID took part in criticizing policies that contributed to the impoverishment process.

- ✚ NGO carrying out advocacy on budget used MDGs as advocacy tool.
- ✚ Members in Palu, NTT (East Nusa Tenggara) and NTB (West Nusa Tenggara) were capable to build the regional government's awareness on integrating MDGs in regional policies and budget. INFID members in NTT (PIAR) did an innovation by integrating gender in budget advocacy through the use of MDGs achievements' indicator as standard of success for government's performance.
- ✚ The members were motivated to study MDGs and were capable to carry out the advocacy to their regional governments.
- ✚ The consolidation of members and networks in 14 provinces for MDGs advocacy.

Development Results:

- ✚ The government made revision to the report on the MDGs achievements. In its process the public (including NGOs) and regional governments were involved. In substance: there were several parts that were criticized by INFID, for instance about the update of Maternal Mortality Rate which were quoted by the government, and Goal 8 (Global Partnership) was very obvious of being quoted from INFID.
- ✚ The change of the Presidential Decree/Perpres 36/2005 on land provision for public interest which brought disadvantage for the poor people.
- ✚ The amendment to UU Perseroan Terbatas/Limited Company Act which requires the Corporate Social Responsibilities. INFID did advocacy on the Human rights violation and environmental damage by the private sectors.
- ✚ The integration of MDGs in the policy of Wonosobo region.

4. Institutional

Management Results:

INFID was capable of:

- ✚ Making decision effectively with the decision making mechanisms being in operation

- ✚ Establishing advocacy teams consisting of experienced people and whose credibility is acknowledged
- ✚ Making ideal and strategic organizational decisions as well as operational decisions through participative decision making mechanisms
- ✚ Implementing PME regularly
- ✚ Fulfilling the fund availability to implement the 2007 program
- ✚ Increasing the staff's capacity through various capacity building programs
- ✚ Possessing information management and communication system which enables INFID staff to disseminate information and socialize INFID's issues in broader scope.

Enabling Results:

- ✚ Members have a space to give recommendations and suggestions for programs to INFID, including monitoring and criticizing the secretariat
- ✚ Members comprehend the issues advocated by INFID
- ✚ Members acknowledge the support from INFID on their issues.

CHAPTER III

LESSONS LEARNT

2007 is a new start for INFID to raise funds for the next three years. There are funders that have terminated their supports. Some funders have informed to INFID a year earlier due to the long period of supporting INFID such as HIVOS, 11.11.11 and Bread for the World, but there was also funder that terminated the partnership without clear reasons. On the other hand two Board members also resign with various reasons. All gave lessons for INFID for its strategy for sustainability. As an advocacy organization dealing with government policies, the policies of the official donors (bilateral and multilateral), it is not easy for INFID to raise public funds. Several actions have been taken to put existing savings in investment activities but it was not easy to find business activities that are compatible with the mission of INFID. The only way is to look for other potential funders. INFID learned from the NGOs that received funds from government budgets and become tame and weak in advocacy and become uncritical to the ignorance of the government. INFID wants to be still consistent to its mission and advocacy strategies, although has to slowly find ways to be sustainable.

At program level, INFID learnt some lessons in 2007:

1. Research-based arguments are stronger compared to those based on common political jargons. In 2007 INFID produced 7 working papers that have been distributed worldwide. Distributing the working papers during international conferences and workshops gave strong bases for INFID's advocacy.
2. Participatory research gives added values to INFID's advocacy. During the research on illegitimate debt, where the aspect of legality was emphasized, the research process itself which involved the government's lawyers and legal advisers, has contributed to the changes in the perspectives of the government related to the existing legal products and legal frameworks that have to be used while dealing with foreign contracts.
3. In international advocacy, INFID sometimes had to take side with the government's position when dealing with the donors particularly related to the commitments of the donors for global partnership for MDGs achievements. INFID,

however, still maintain its critical position when it comes to field facts of the achievements of the government's programs.

4. Involving members at provincial level in conducting assessment and campaigns on MDGs is more effective, and it is a way to improve leverage of members in their advocacy vis-à-vis the local governments.
5. Research capacities of members of INFID still need to be improved. In 2007 INFID found that the members at provincial level have collected important information on poverty, MDGs, loan-funded projects, human rights violation, and general development problems. The problem is that the methodology of the data collection is still questionable and the capacity to write reports based on the findings is also weak.
6. INFID's participation in the UN meetings is still limited to the Human Rights Council sessions in Geneva, while the participation in the UN ECOSOC meetings in New York is limited. This is supported by the fact that the members from the human rights organizations are more active and well prepared rather than the members from other development fields. There is a gap between the human rights organizations and the development organizations. As the two main focus of INFID are debts and poverty, which are the main topics of the discussions and debates in ECOSOC in New York, there is a need to strengthen the capacities of members working on development issues.

At Secretariat level, the lessons learned:

1. The self-confidence of staff members to take responsibilities in their activities increase due to clear assignment and job description.
2. At INFID secretariat, there is a limitation of capacities of staff in English. This becomes obstacle for staff to participate in international debates. In the past the participation of INFID staff in international forums was limited as passive participant. The main reason was the capacity in English. There is a need for INFID to improve the language capacities. This also is a need for INFID members, who have been identified as the best people to represent INFID in international forums.

3. Preparation for each event (national and international) has been a condition for each team. This helps maximize the participation of all staff to enhance advocacy in all activities they participate in. Before participating in any activity that are perceived to be a moment for advocacy, each team prepared materials and topics to be raised.
4. Participation of members in implementing programs helped improve the coordination and cooperation between the members and the Secretariat. The members participation in annual evaluation and annual planning was valuable in enhancing accountability of INFID. There is still, however, a need for INFID to accommodate inputs from members from outside Jakarta in the annual evaluation and planning.

At networks level:

1. INFID is still seen as capable to coordinate civil society organizations at national level. In the cases of challenging the policies of international agencies (EU, IFIs and bilateral agencies) INFID is still trusted by the networks and partners to take lead in providing response.
2. At international level, INFID is perceived to be the NGO National Platform that can represent NGOs in Indonesia at international level.

Target of Advocacy (IFIs, OECD and UN):

1. INFID is seen as representative of Indonesian NGOs in dealing with forums of OECD, UN and IFIs.
2. Papers presented by INFID in the forum of UN and OECD have contributed to the debates at international level regarding aid effectiveness, illegitimate debts and poverty.

ATTACHMENT

INFID'S ACTIVITIES AND PROGRAMS

The activities and programs of INFID were implemented in accordance with the new structural change of INFID which was based on the following divisions: (1) Research, Publication and Documentation Division, (2) Campaign, Lobby and Networking Division, and (3) Organizational Development Division. The divisions collectively and independently implement the programs based on the issues of: (1) Civilian Supremacy and Human Rights, (2) Debt and (3) Poverty and MDG. The activities of each division were carried out as follows:

1. RESEARCH :

There is still a problem remaining in the research division which is insufficient number of staff in Research division team. There is a plan to recruit an associate to the existing research coordinator available. The existing research coordinator is focusing more on security sector reformation; we still need research coordinator to focus more on debt, poverty and economic policies. To fill in the vacancy, the Executive Director has been assisting by joining in the Research Division.

Achieved Activities:

a. Research

1.1 Civilian Supremacy Research

- Developing Working papers on security sector reform was intended to provide recommendation for the government in formulating security sector reformation policies after evaluation on one decade of defense reformation was done. The working paper's composition is still in the stage of data and information collection and format decision. The fund absorbed in the program was only amounting to Rp.

2,870,500 (29%) of the allocated budget which amounted to as much as Rp. 10,000,000. The fund was used for data and information collection and INFID's members meetings. The writing of the working paper was done by INFID's own staff together with INFID's members, so it did not need any expenses to pay for the writer's honor.

- **Military Budget Problem**, a research on **Military Business in Border Zones – East Kalimantan's Case Study/Bisnis Militer di Wilayah Perbatasan – Studi Kasus Kalimantan Timur**, in partnership with Pacivis Universitas Indonesia and Yayasan PADI Kalimantan Timur. The research had been completed and is in the process of publication. The absorbed fund was Rp. 75,000,000 (100%) from the planned budget.
- **Integrity Pact and anti Bribery** has not been done due to the unpreparedness of the partner. Thus the available fund has not been absorbed or is still 0% of the available budget of Rp. 60,000,000.
- **Community Policing**. The research themed **COMMUNITY POLICING AS AN EFFORT TO REALIZE PROFESSIONAL AND DEMOCRATIC POLRI**, has been carried out in partnership with The Ridep Institute. The activity still goes on until 2008. The absorbed fund in the research was Rp. 25,000,000 (33%) of the planned budget which had been Rp. 75,000,000.
- **Monitoring the Implementation of ICCPR**. The research was carried out together with HRWG. The research had been completed, but still needed to be socialized and consulted in various areas together with the members and network of INFID to test the implementation capability of the monitoring tools. The initial budget for the research was Rp. 150 million. Nevertheless since the fund received by INFID had been less than predicted, the budget was cut by as much as Rp. 50,000,000,- . The research absorbed Rp. 92,971,500 fund or approximately 93%. Yet if it is compared to the initial budget, the absorbance of this activity was only 62%.

In general the budgetary absorbance for the research activities on Civilian Supremacy issues was only **53%** of the initial budget.

Additionally, INFID also carried out the following researches for Civilian Supremacy issue:

1.) Evaluation on the Performance of Military Business Transformation Supervision Team in the Process of Military Business Transformation by the Government/Evaluasi Kinerja Tim Supervisi Transformasi Bisnis Militer (TSTB) TNI Dalam Proses Pengambilalihan Bisnis TNI Oleh Pemerintah. The research was done by INFID in partnership with Pusat Studi Keamanan Nasional (PSKN)/Centre for National Security Studies UNPAD (Univesitas Pajajaran) together with Padjadjaran University. The research was carried out in response to the actual issue related to the Military Business Transformation Supervision Team's service which was nearing the end of its service time.

2).Military and Police Budget that was not originating from the State Budget (non State Budget) which was from the Provincial and regional Budget. The research was a continuation of the research done in 2006 which was carried on together with IDSPS (Institute for Defense, Security, and Peace Studies).


Three researches which were planned in 2007 and two additional researches (actual issue response and continuation of a research in 2006) had been completed. Thus in 2007 we produced 5 (five) researches. The results of the researches had been discussed with various parties as a form of public consultation and information mechanism. Up to the end of 2007, the researches were still in the publication preparation process to be published as books.



The results of Research activities were:

- Three out of five researches that were planned had been completed.
- The publication of researches' results as information and learning materials for public.
- The availability of argumentation basis based on researches for advocacy.
- The establishment of a relationship and policy dialogues with the Government and the Parliament's members which was functioned as sources.
- The establishment of partnerships with institutions with credibility in carrying out researches.

1.2. Debt Research

- Developing Working paper on Debt, seven (7) working papers had been completed. Absorbed fund was Rp. 905,000 or 9% of the planned budget which amounted to Rp 10 million. This was because of the working paper were done by INFID's own internal. The rest of the planned fund was used to cover the expenses of other researches.
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- Indonesian's Debt Structure was a research to establish Indonesia's foreign debt—both bilateral and multilateral--structure. So update can be done anytime by viewing the progress of Indonesia's foreign debt. Absorbed budget in the activity was Rp 75 million or 100% of the planned budget.
 - Research on Japan's ODA Project. The research studied the case of Rai Renun, Asahan, and Bili-bili dams' development. Workshop on the result of the results of the research was carried out together with NINDJA (Japan's NGO monitoring debt issue). The research and workshop on Japan's ODA absorbed Rp. 50,833,000 fund or as much as 102%

- Concept of Illegitimate Debt. The research was carried out by studying the legal aspect at national and international levels on debt agreement signed both bilaterally and multilaterally. This was intended to complement studies carried out by various international NGOs as well as by debt campaign experts studying the debt's legitimacy from the aspects of ethics and moral and the impact of debt. The research had been completed and produced as one of the seven working papers produced by INFID.
- Debt Audit and Debt Management Office (Legal Drafting for Parliament). The research was intended to observe the debt management mechanism and the regulating law. To respond to the question whether the current practice of debt management had met the transparency and accountability principles as well as being free from the pressures made by the creditors/donors. The research had been completed with the budget of Rp 60 million or 109% of the planned budget amounted as much as Rp.55 million. Nevertheless the research on Debt Audit and Debt management Office is still to be developed and studied in deep in response to Rancangan UUPHLN (Undang-undang Pinjaman dan Hibah Luar negeri)/Draft Foreign Loan and Grant Bill, which at the moment is still being discussed at the level of interdepartmental, government.

In general, the budgetary absorbance of the activities on debt issues' researches was **99%** of the initial budget.

Results of the Researches' activities were:

- ❖ The completion of 5 researches as planned
- ❖ The publication of 7 working paper of the researches' results as information and learning materials for public and as advocacy materials.
- ❖ The availability of argumentation basis based on researches for advocacy.
- ❖ The establishment of relationship and policy dialogues with the Government (senior officers of the World Bank, Department of Finance, Bappenas, the Coordinating Minister for Economic Affairs, Department of Foreign Affairs, Bank Indonesia) and members of the Parliament who were functioned as sources.

- ❖ The establishment of partnerships with institutions having the credibility in doing researches.
- ❖ The establishment of advocacy partnerships with several international NGOs in Germany, Japan, and Australia related to the Illegitimate debt issue (the case of Former East Germany's battleships debt) in campaigns and lobbies at the moment of G8 meeting in Germany; Japan's ODA (the case of Rai renun, Asahan and Bili-Bili dams' building), and debt swap issues (Germany, Italy and Australia)
- ❖ The presentation of the researches' results in closed discussion and meeting with JBIC, JETRO (Japan's consultation agency for JBIC), Representatives of the Indonesian parliament, academic experts, and representatives of public media.
- ❖ Research on ADB projects on small tree crop plantation by focusing on the experiences of the farmers in Bengkulu. The research was presented in ADB's Annual Meeting in Kyoto in May 2007, and was published in the Jubilee South's Electronic Bulletin.
- ❖ The discovery of strategic new point of view in debt advocacy by viewing the legal aspect of Indonesia's foreign debt agreement based on International and National Law. The legal aspects of those loan agreements determine the legality or validity of the loan agreement, and similarly with legitimacy of the debt.

1.3 Poverty & MDG Research

In this project, lack of absorbance occurred in the following items:

- Developing working paper on MDG's has not been done since most of the research needs to be re-processed. The fund absorbance for the research was 0% of the available budget of Rp. 10 million
- Design and Framework for MDG report. MDG report had been completed and launched in Bali on 10 December 2007 at the same day as Human Rights Day. The report launching which was held on the Human Rights Day was intended to remind the public and the government that the negligence of MDG achievement was part of Human Rights violation. The choice of Bali as the location was based on the consideration that at the same time an international meeting on climate change (UNFCCC) was being held there. The absorbed

budget was Rp. 54,300,130 or 91% of the available budgetary allocation of Rp. 50 million.

- Monitoring MDG achievement & ECOSOC (Economic Social and Cultural Right-ESCR). Monitoring that had been carried out was only up to MDG achievement monitoring stage. Monitoring on the fulfillment of Economic Social and Cultural Right-ESCR has not been done due to the ESCR monitoring format is still being discussed with member of INFID (ELSAM) who will work together with INFID. MDG achievement monitoring was a macro analysis of monitoring results which had been carried out in Eastern and Central Indonesia. The program was carried out together with GAPRI network, funded by Oxfam GB, so the expenses were also paid jointly. The absorbed budget was Rp. 72,949,400 or 49% of the available budget amounted to Rp 150 million. Nevertheless in the revised budget, the allocation was cut to only Rp, 100 million. When viewed from the revised budget, the fund absorbance for the activity reached 73%.
- Monitoring MDG achievement & ECOSOC in East Indonesia was carried out in several districts/cities in NTT and Sulawesi. The activities still go on until 2008. The activity absorbed Rp. 60,530,200 fund or 76% of the planned budget amounted as much as Rp. 80 million.
- Monitoring MDG achievement & ECOSOC in Central Indonesia, the activity still goes on until 2008, and the implementation and funding was done jointly with the network. The amount of absorbed budget was Rp. 31,300,000 or 35% from the budgetary allocation of Rp. 90,000,000

In general the budgetary absorbance for the activities of researches on Poverty and MDGs issues was 56% of the initial budget.

Except for the following Researches : Developing Working paper on MDGs, Research on Design & Framework for MDG report and Monitoring MDG achievement & ECOSOC, Monitoring MDG achievement & ECOSOC in East Indonesia, and Monitoring MDG achievement & ECOSOC in Central Indonesia was carried out by Socialization program, Assessment and Talks Show in 14 regions i.e.: West Sumatera, Lampung, Bengkulu,

Banten, Central Java, East Java, West Kalimantan, East Kalimantan, West Nusa Tenggara, East Nusa Tenggara, Southeast Sulawesi, Central Sulawesi, and Southeast Maluku. The result of the activity was compiled as Civilian People's Report on MDG Achievement 2007/Laporan Masyarakat Sipil tentang Pencapaian MDG tahun 2007. The report is still to be updated for MDG achievement report in 2008.

Results of the Researches' activities were

- ❖ Four out of five planned researches had been completed.
- ❖ The publication of the researches' results in the form of Civilian Society's Report on MDG Achievement for 2007/Laporan masyarakat Sipil tentang Pencapaian MDG 2007 as information and learning material for the public.
- ❖ The availability of argumentation's basis based on researches in implementing advocacy.
- ❖ The establishment of relationship and policy dialogue with the Government and members of the Parliament who were functioned as sources.
- ❖ The establishment of partnership as the beginning of consolidation with members and network of INFID through joint campaign in 14 regions.
- ❖ The establishment of relationship and policy dialogue as well as partnership with international institutions (UN Millennium, GCAP—Regional and International, UNDP) and national institutions such as Bappenas and the office of the Coordinating Minister for People's Welfare (Menkokesra)

Additionally, a research was carried out in response to actual issue related to: Two years of Aceh's Peace Agreement.

- The research on Aceh's reconstruction and rehabilitation, specifically viewed the role of the official donors in the reconstruction and rehabilitation in Aceh related to the new plans for natural resources exploitation and peace continuance. Results of the research would be presented in the seminar on "Dua tahun setelah Perjanjian

Perdamaian

Helsinki”/”Two Years after Helsinki Peace Agreement” in August 2007. The research was carried out by Dr. George Junus Aditjondro assisted by local non governmental organization and students of Universitas Syiah Kuala.



The research was intended to develop a map of several new conflict and violence potentials in Aceh. The existence of multinational corporations (oil and gas) and national conglomerates (plantation, oil and gas, gold mining) in Aceh was allegedly related to the lasting conflict in Aceh. The corporations now are openly in operation after the Helsinki Peace Agreement. Will there be new forms of conflict and violence after the Peace Agreement? The research was integrated with other research which had been done previously on “World Bank’s Projects for Rehabilitation and Reconstruction in Aceh”. The World Bank had supported government’s projects for poverty reduction in Aceh since pre-tsunami. The projects could be categorized as failures because although the projects were humongous Aceh remained the fourth poorest province in Indonesia. The World Bank employed similar methods for their projects after the tsunami. The research on debt issues and Aceh would be published as working paper.

Researcher Training: INFID needs researchers at regional level who will monitor the implementation of projects related to:

- Projects funded by foreign debt.
- MDGs’ targets achievement
- Poverty reduction program financed by loan from the World Bank.
- Regional bases World Bank’s agencies.



- Fund effectiveness to the extent of local government's involvement.
- The preparations of several districts that deserve debt swap for MDGs.

The training absorbed fund amounting approximately Rp. 250 million for 30 training participants for 14 days. The training was carried out in the form of theory and field practice.

1.4 Publication, documentation & Information

➤ **Publication of researches' results**

It was planned to published 4 units of book i.e.: The Budget of Military and Police Non-State Budget/Anggaran militer dan Kepolisian Non APBN, Integrity Pact and anti Bribery, Monitoring Implementation of ICCPR, and the Recommendation for harmonization of ICCPR monitoring result policy, but only 2 book units were realized, i.e.: The Budget of Military and Police Non-State Budget/Anggaran militer dan Kepolisian Non APBN and Monitoring Implementation of ICCPR. As for the Integrity Pact and anti Bribery, it had not been published since the research on it had not been completed yet, while Recommendation for harmonization of ICCPR monitoring result policy had not existed yet because it was still in the monitoring process. The fund absorbed from the activity was Rp. 114,429,900 or 57% of the budgeted Rp 200 million.

➤ **Visualization of research's result**

Making a film on illegitimate debt, debt case on former East Germany's battleships' purchase. The absorbed fund for the film making was only Rp. 20,200,000 or approximately 34% of the planned budget amounting Rp. 60 million. Less absorbance was caused by it was still in the process of Film Research and interviews with people, witnesses and actors related to the purchase of the battleships. The film making was planned to take two years, i.e.: Film Research in 2007 and the process of picture/film taking and finalization of the film making including packaging. The total planned budget for the film making was Rp 245 million.

➤ **Library collection processing,**

Cataloging, book categorizing, bookshelves making (if necessary), e-library setting up, and library organizing. The activities were routine activities and had been completed. The budget for these activities was Rp. 20 million; the activities' fund absorbance was Rp. 14,721,700 or 74% of the total budget. Less budgetary absorbance was caused by the little amount of new books obtained by INFID which made less fund needed.

➤ Subscription of Indonesian and foreign newspaper & magazine,

This year efficiency was implemented by subscribing online media. By subscribing online media, the expenses became much less; several important information could directly be transferred to members and network and could be used to build relationship with the journalists and media network. Because of the strategy change, the absorbance capability became smaller which was Rp. 9,734,500 or 65% of the total budget amounted to Rp. 15 million.

➤ Publication of INFID's Newsletter, SNO.

INFID published 3 Newsletter, one public newspaper and SNO. The absorbed fund was Rp. 44,395,500 or 99% of the total planned budget which was Rp. 45 million

➤ Books' translation and publication

It had been planned to publish some guide books on the following subjects: Safeguard policy and governance of ADB, Safeguard Policy and Governance of World Bank, and translation of INFID's written statement to UN and other countries' policy documents which contained their foreign policy on Indonesia.

Less absorbance in the activity was 21% or Rp. 21,170,000 of the total budget that was Rp. 100 million because the guidebooks' publishing had not been implemented due to the discussions on ADB and World Bank's policies had not been finalized until the end of 2007. The translation fee amounting to as much as Rp 21,170,000 was spent on the translation of INFID's written statement to UN and the translation of policy document of the Netherlands government.



➤ Book purchasing.

Book purchasing was carried out more selective in accordance with advocacy activities done by INFID in 2007. The initial planned budget which had been Rp. 25 million was cut by Rp. 15 million so it became Rp. 10 million in the budgetary adjustment meeting due to the adjustment needed to be made in accordance to the received fund. The fund absorbance of this activity was Rp. 8,018,300 (80% of the total budget of Rp 10 million) or as much as 32% of the initial budget that was Rp. 25 million.

In general the budgetary absorbance for the Publication, documentation and Information activities was 50% of the initial budget.

1.5 Information Technology

- Website maintenance was done by updating website, improving website's security system, monitoring of INFID website's visitors, and the activities were carried out by INFID's own staff thus no expenses were needed. The budget allocated which was Rp 6 million was not absorbed or 0%. The allocation for website maintenance was made with the assumption that the IT staff was still new, so there had been an apprehension that the new staff could not solve website's problems and would probably need external expert.
- Database upload was planned to utilize part time worker to assist the database upload. Nevertheless the activity was able to be completed by INFID's own staff, and only needed software to support the activity. Thus the expenses were less which was Rp. 2,500,000 or approximately 42% of the total budget which was Rp. 6,000,000
- Software update, computer maintenance, etc., were carried out by purchasing the software to improve database system in the server, computer repair, and other software purchase, such as anti spam, Microsoft legal and guaranteed software as well as anti virus purchase. The absorbed fund was Rp. 8,481,900 or 71% of the budget which amounted to as much as Rp. 12,000,000. Less absorbance was

because of most of the computers being repaired were still in the period of guarantee so the repair did not need any expenses.

- Mirror server. Mirror server installment was intended to make INFID's website easier to be accessed by people abroad, particularly from Europe and America. Mirror server installment had been implemented in New York, USA in partnership with TERRAPRO
- Audio visual building had not been completed due to the budget submitted by the film maker was much bigger than the budget allocated by INFID, so the implementation was delayed until 2008.

In general the budgetary absorbance for the Information Technology activities was 67% of the initial budget.

The Secretariat began to review the entire problems relating to the information dissemination from INFID. The research team who also covered documentation and information began to check documentation and information system and how to make it more efficient and useful for Secretariat and members who need information services from INFID.

The documentation and information team has published three newsletters (quarterly) in Bahasa Indonesia and English. It was decided to make the newsletter in two formats: electronic and printed.

1.6 Personnel cost Program

Covered personnel Cost for program coordinator, researcher, information and documentation staff, Information Technology staff. The Personnel Cost budget's absorbance for program coordinator was 53% of the available budget, while for the researcher the absorbance was only 9%. Less budgetary absorbance was caused by less than predicted fund received by INFID, so several budgetary adjustment were made for personnel cost in the form of personnel cost budgetary cut, postponement of several program staff and researchers' recruitment as well as pay rise postponement for inflation adjustment. In general fund absorbance for personnel cost was only Rp. 153,802,307 or 28% of the planned budget.

2. ADVOCACY

2.1 Lobby to the National decision maker

➤ **Legislative & political parties**

INFID kept maintaining discussions with the Parliament to: 1) discuss the policy on rice and function and role of BULOG (State Logistics Agency) related to provision and price of food's stabilization in relation to kwashiorkor and food crisis issues, 2) together



with members and network carry out intervention to UU Penanaman Modal (Investment Act), 3) suggest the regulation for Corporate Social responsibilities in UU Perseroan Terbatas (Limited Company Act), 4) monitor the parliament's exhortation to the government to cancel ineffective debt projects. It had been responded by Bappenas by cancelling projects funded by fund that had not been implemented.

- Intervention on the debate in the Parliament about new draft bill on investment (RUU Investasi/Investment Draft Bill). Two fractions responded positively on the inputs from Non Governmental Organizations.
- Intervention on the national policy about poverty reduction. INFID's staff members were involved in the final formulation of poverty reduction strategy for 2007 – 2009.

➤ **Establishing caucus in parliament**

A parliamentary caucus for poverty control and KAPU (Kaukus Anggota Parlemen untuk utang/Parliamentary Members Caucus for Debt) enforcement were planned to be established. The effort to form caucus for poverty control was impossible to be implemented since there was political position difference

among several big parties in the parliament, particularly relating to several issues such as Lapindo Muda, Kwashiorkor, etc. which were considered of putting the government into a difficult position. The parties supporting the current government rejected the occurrence of interpellation on the government, while KAPU was hard to be developed since it was not representation of fraction's politics.

The fund absorbed was only 1% or Rp. 390,000 of the planned budget of Rp. 60 million since three planned formal meetings such as workshop for parliament members to form caucus had been cancelled.

➤ **Lobby to the Executives:**

- Discussion on post CGI Indonesia was held with BAPPENAS, Department of Finance, the Coordinating Minister for Economic Affairs' office, the Parliament, Regional Representatives Council (DPD), Non Governmental Organizations, and mass media, to observe the government's preparation after the dissolution of CGI.
- Discussion with Badan Pengawas Keuangan (Supreme Audit Agency) to audit projects funded by loans. So far BPK only audited the loan registration, and the report was issued in June 2007.
- Dialogue and discussion with Bank Indonesia, the Coordinating Minister for Economic Affairs' office, BAPPENAS, Department of Finance, academicians about the policy on debt management in the office of Bank Indonesia.
- Dialogue and discussion with the Coordinating Minister for Economic Affairs' office, BAPPENAS, Department of Finance, Representatives of Department of Foreign Affairs, and parliamentary members about the implementation of Article 11 of the Constitutions/UUD 45 on loan agreements as International Agreements have to be approved by the Parliament and to be ratified as law.
- Second National Consultation on Aid Effectiveness which covered donors, NGOs and the government

- Dialogue with UNDP to coordinate campaign and networking for MDGs.
- Dialogue with KOMNAS HAM to increase the effectiveness of Economy, Social and Cultural Rights' sub-committee.
- Dialogue with BAPPENAS to discuss government's report on the progress of MDGs achievement for middle term (first 7½ years).
- Dialogue with the office of the Coordinating Minister of People's Welfare to take follow-up actions on the results of the congress on food security/defense in 2006 and to plan the formation of national food defense council.
- Dialogue on the policy of military and police budget which was set apart from provincial and district budget.
- Lobby to the government of Indonesia about the weapons system that was funded by export credit facility to make the Department of Defense adopt the Integrity Pact.
- Dialogue on the policy on Draft National Security Bill (RUU Keamanan Nasional) involving Police's expert staff, NGOs, Retired Police Officers, and expert of Policing. The main topic was the position of the Police by the new draft bill.

In general the absorbed fund was very low which was **13% or Rp. 18,320,112** of the allocated planned budget amounted to Rp. 145 million. Less fund absorbance was caused by the lobby activity was held using the existing lobby forum so it did not use up much expense.

Lobby to the executives, legislatives and political parties, since the relationship with several advocacy targets have been well built, so it was carried out using telephone communication, email, and discussions in various meetings.

The results of the advocacy were:

1. The occurrence of policy discussion's space between INFID and the policy makers
2. The occurrence of positive response from the government and the parliament on several of INFID's suggestions
3. The existence of policy amendment at the government level and the parliament, such as ineffective debt projects, the plan of Department of Defense to revitalize domestic industry to reduce export credit, the change of format and substance of MDG report etc.
4. The occurrence of continuing policy dialogue space for future advocacy activities

2.2 Lobby at International level

Consisting of the following activities:

➤ **CGI/Aid & debt consortium.**

Lobby to CGI member countries had not been carried out since January 2007 the government had decided that CGI was no longer needed.

- Discussion on internal and external strategy for INFID to respond to the dissolution of CGI. INFID had anticipated that CGI would be dissolved soon or later. Although CGI had been one of the main forums for INFID to meet the government of Indonesia and the creditors, the dissolution of the forum would not have stopped INFID's advocacies in its relationship with the creditors and the government of Indonesia related to the development policies to the extent of the relation to the global development policies. After the dissolution of CGI, there were several choices to be handled by INFID in the advocacy activities:

- Increasing meetings with international financial institutions

- Increasing meetings with UN Agencies
- Increasing meetings with multilateral bodies such as OECD.
- Increasing bilateral meetings by doing direct lobby to creditor countries for debt cancellation or debt swap.

Less absorbance (only 23%) was caused by the change in advocacy format since the government stated that CGI was no longer needed. Additionally budgetary cut was made so the budget became Rp. 10,000,000,- in accordance with existing fund.

➤ **IFIs**

- Participating in ADB's meetings by attending Non Governmental Organizations Forum conference on ADB in Manila and ADB's Annual Meeting in Tokyo. The team decided to prepare the case of small crop cash project funded by ADB in Bengkulu as illegitimate debt. INFID decided to support the farmers in Bengkulu in campaigning and lobbying the Minister for Finance and the Minister for Agriculture and ADB in Jakarta to cancel the debt entirely and particularly the farmers' debt.
- Participating in WB/IMF Spring Meeting. The meeting was also used for consolidation with other international Non Government Organizations to demand campaign on IMF and World Bank's Reformation. Jubilee South, Jubilee America, EURODAD and Latindad held joint meeting with Gender Action discussing Illegal Debt Campaign and Debt Audit by independent auditor from the civilian society.
- Participating in the IMF and World Bank Annual Meeting in Washington in October. INFID was put forward to be NGOs Steering Committee's member on World Bank and IMF. Lobby to the East Asia Director of the World Bank to discuss World Bank's regional policy at East Asia level.
- **Joining NGO Forum on ADB** at the 40th Annual ADB's Governors Meeting in Kyoto, Japan where the Civilian Society had the opportunity to meet the President of ADB, Mr. Haruhiko Kuroda. The NGOs' representatives conveyed to Kuroda that ADB's macro economy policies were highly unacceptable because they had no vision for economic and

social welfare based on democracy, and genuine partnership between people and the government. Therefore, as conclusion at the end of the meeting of 7 May, the attending Civilian Society repeated their joint rejection of ADB's activities and operations that were damaging in each of their areas and asked ADB to end the vicious circle of debt, poverty, and environmental blunders caused by ADB's practices during the last four decades.

The fund absorbance for the activity reached 92% or Rp. 36,936,584 of the planned budget amounted as much as Rp.40 million. The available allocation for the activity was only Rp. 40 million with the assumption that the tickets and accommodations for the activities were paid by the inviting institutions.

➤ **Europe**

- Participating in High Level Meeting of DAC OECD on Aid Effectiveness in Paris. INFID was one of the six representatives of NGOs from developing countries sitting in the high level forum of DAC OECD. The intention of the meeting was to consolidate the issues needed to be covered in Paris Declaration on Aid Effectiveness and to prepare High Level Forum on Aid Effectiveness in Accra, Ghana in 2008.
- International conference on Illegitimate Debt in Berne, Switzerland. In the conference experts on law from UK, Germany, USA, Nigeria and South Africa who were experienced in filing claim using international law, and NGOs activists who were campaigning against illegitimate debt gathered. INFID and Elsjahr (German Jubilee) presented the case of Indonesia's debt for Germany's battleships.
- Participating in regional and international meetings on GCAP. Regional meeting was held in Manila and the international meeting was held in Sao Paolo

Fund absorbance was 66% or Rp. 49,729,809 of the planned budget amounted as much as Rp. 75 million because the tickets and accommodations were paid by the network.

➤ **Japan**

- Working together with Nindja in monitoring the projects of Japan's ODA
- Working together with Nindja in monitoring the policy of Japan's ODA and the trend of ODA's allocation
- Criticizing the policy of Japan's ODA which began to be possible to used for military financing
- Facilitating Nindja as INFID's LO in Japan.
- Workshop on Japan's ODA (organized jointly with NINDJA and Friends of the Earth Japan), in Jakarta.

The absorbance for the activity reached 91% or Rp. 73,062,676 of the allocated budget amounted as much as Rp. 80 million.



➤ **UN**

- Leading the mission of INFID members in participating in the annual meeting of UN Human Rights Council in Geneva. INFID, HRWG, NGO Forum on Aceh Human Rights, and the migrant workers had the opportunity to express their statement in the UNHRC meeting in March.
- The submission of written statement in response to the report of the UN Special Expert on debt and financing for development, Bernards Mudho. The statement was also read at the UNHRC meeting in Geneva in March – April 2007.

- Participating in the UN ECOSOC Spring Meeting in New York. The meeting discussed the commitment of developed countries to fund the development and the developing countries to remain with their operational programs and poverty eradication policies. At the same time as the ECOSOC meeting, the NGOs delegations and several governments' delegations also held meeting on UN Reformation. CIDSE and UBUNTU presented results of their research and consultation on UN Reformation.
- In March, INFID and its members submitted written statements to UN Geneva on the progress of Economy, Social and Cultural Rights and MDGs achievements (The topics covering: Human Rights violation and Corporate Environmental Crime, Freedom of Expression, Migrant Workers, Health Rights, Indigenous People's Rights)
- In May, INFID submitted a written statement to UN Geneva on the progress of Economy, Social and Cultural Rights and MDGs achievements (Special items covering: The rights for adequate housing and the Right for Sufficient Food). The statement was published by the UN and could be accessed on UN's website.
- INFID and its members submitted written statements to UN Geneva on the progress of Civil and Political Rights' achievements (The topics covered: Arbitrary Detention, Torture, Human Rights' Defender—including Munir case, Involuntary Disappearances)
- Developing implementation tools for International Covenant on Civil and Political Right (ICCPR)
- Preparation for 51st Meeting of UN Commission on Women Status in New York, and joint delegation of INFID and the government.
- Facilitating members (women group) of INFID in formulating the Shadow Report on the Implementation of CEDAW
- Participating in the Climate Change campaign (Bali): facilitating members and partners from East Java, the indigenous people of Badui and Bali to take part in the advocacy in Bali during UNFCCC. Submitting "People's Protocol on Climate Change".

Budget absorbance for the activity was Rp. 46,566,140 or 62% of the budget amounted as much as Rp. 75 million. Less absorbance was caused by the UN lobby activity was done at the same time as several networking activities so the tickets and accommodations were paid by INFID's network as the inviting party.

➤ **G7 (USA, Japan, Germany, Canada)**

- Preparation for G8 Meeting in Germany. INFID decided to join the German Jubilee (Elasjahr) and Jubilee South to start campaigning against illegitimate debt. Indonesian cases launched in the



campaign were the purchase of battleships from Germany and the Asahan Dam funded by Japan's ODA. INFID sent a letter to the German Counselor, Dr. Angela Merker, and the copies to the leaders of G8 countries. The embassies of Canada and Germany in Jakarta responded to the letter. The Embassy of Canada responded by stating that they would pass the letter to the Canadian delegation for G8 Meeting, while the Embassy of Germany responded that the government of Germany had considered the debt swap mechanism seriously. A response was also given by the office of the Counselor for the Republic of Germany Federation, Dr. Angela Merkel.

- Participating in the ODA Conference in Tokyo, Japan, as the preparation to the campaign relating to the G8 Meeting in Japan in 2008.
- Meeting with American Parliament's members to discuss the commitment of American parliament in supporting the MDGs achievement in Indonesia.

- Meeting with Japan's parliament. Ticket and accommodation was paid for and it was held at the same time as the ADB advocacy activity in Japan

Budgetary absorbance for the activity was 67% or Rp. 67,281,964 of the allocated budget of as much as Rp. 100 million. Less absorbance for the activity was caused by several meetings were carried out at the same time as the IFIs' activities in the countries mentioned above, so the ticket and accommodation was paid by the inviting party. As for lobby activity in Canada will only be done in 2008, at the same time as the OECD meeting.

In general the absorbance of international lobby activity reached 70% or Rp 280,398,035 of the total planned budget amounted as much as Rp. 400 million. The planned budget which was Rp. 400 million was adjusted to Rp. 385 million.

2.3 Campaign

For the following issues:

- **Civilian supremacy**
 - **Creating popular campaign** was carried out by the network through producing shirts and leaflet for the Human Right Day campaign and Rejection against Poor people criminalization campaign.
 - **Media Campaign** was carried out jointly between the media and INFID's staff. The media could ask for articles or statements to INFID, and INFID involved the media in several briefings. Additionally the Secretariat of INFID encouraged each program coordinator to write an opinion in the media relating to the issues advocated by INFID.
 - **Seminar dan Workshop**
 - Small workshop in the context of monitoring the international defense partnership between Indonesia and America, Russia, and Australia.
 - Seminar on "Two Years After Helsinki Peace Agreements in Aceh"
 - Monitoring the policy of Indonesian Government on the Alternative Funding for Defense and Security Equipments.

- Monitoring military businesses transition.
- Group discussion on civilian supremacy with specific topics on Police Reformation.
- SSR Training (SSR School) which was jointly organized by INFID, Kontras and Imparsial.

The initial planned budget for civilian supremacy campaign was Rp. 230 million, nevertheless due to the unrealized fund attainment prediction; budgetary adjustment was made so the budget for the campaign was only Rp. 125 million. The total budgetary absorbance for the activity was Rp. 119,304,319. If it used the initial budget (prior to the adjustment), the percentage of the absorbance of the activity reached 52 %, but when measured by the budget after the adjustment the absorbance reached 95%.

- **Debt Reduction**

- **Creating popular campaign**

- In Jakarta, with the colleagues from Urban Poor Jakarta, INFID carried out brief peaceful action to the Embassy of Germany in response to the G8 Meeting in Germany.
 - Sending letter to Angela Merkel which was signed by more than 100 people and organization worldwide.
 - Leaflet on the Purchase of Secondhand East Germany's battleships
 - Leaflet on Paris Declaration in bahasa Indonesia

- **Media Campaign**

- Press Conference in response to the dissolution of CGI
 - Delivering Statement on World Bank Reformation to the media
 - Delivering Statement criticizing the policy of Word Bank
 - Briefing the media on fairness in debt negotiation and the impact on waiver of sovereignty
 - Oral statement to several media, urging the cancellation of unimplemented debt projects.

- Oral statement to several media, urging the Parliament and the Government to put Act 11 clause (2) of the Constitution into effect which stated that every debt/loan agreement should be discussed and with the approval from the Parliament.
- **Seminar dan Workshop**
 - Workshop to monitor the implementation of Paris Declaration
 - Discussion on debt for export credit facility
 - Expert Meeting discussing the Legal Aspects in Foreign Debt

The initial budget for Debt Reduction campaign was allocated as much as Rp. 380 million. Nevertheless since the income prediction did not meet the target, **adjustment was made so the campaign budget was allocated only as much as Rp. 120 million.** When measured by the initial budget, the fund absorbance was **Rp.180,615,000 (only 48%),** but when **measured by the adjusted budge, the absorbance for the campaign activity reached 150%.**

- **Poverty & MDG**

- **Creating popular campaign**

- MDG Poster making
- Leaflet and Indicator Table of MDG

- **Media Campaign**

- Brief assessment on MDGs Achievement for 7-7-7 Campaign. The assessment was based on existing data from several sources: BPS, UNDP & Bappenas Human Development Index and several data from particular provinces and districts. The result of the assessment was used by other NGOs in their sectoral campaigns: education, health, children, environment, and poverty.
- Talk Show in Television (Metro TV) about poverty
- Talk Show in Radio Trijaya FM about kwashiorkor
- Exhibition and public dialogue in Civil Society Affair in the Parliamentary Building

- Press Conference
- Deliverance of Press Release.

➤ **Seminar and Workshop**

- Responding to the national program to reduce poverty (PNPM Mandiri) by the government so that the government optimized the utilization of the State Budget more than depending on foreign debt. The major issue was the dependency on World Bank's concept with its Kecamatan Development Project (KDP) of which the success was still doubted.
- Discussion on the review of rice and rice import policy with NGOs and the Parliament.
- Reviewing the new policies and regulations on MDGs, such as the policy on health budget, education budget, poverty eradication budget, women enforcement budget, etc.
- Discussion with UNDP and the national committee on MDGs for the joint campaign for 12 months in 2007.
- Discussion with members and network of INFID jointly with GAPPRI for the MDGs achievement mapping in 14 provinces for the first 7½ years of MDGs achievements.

The initial budget for MDG Campaign was allocated as much as Rp. 600 million, nevertheless due to the income prediction that did not meet the target **adjustment was made so the campaign budget was allocated only as much as Rp. 400 million**. When measured by the initial budget, the fund absorbance was Rp.482,776,248 **or only 71%**. Nevertheless, **the absorbance for the campaign activity reached 121% when measured by the adjusted budget**. Additionally for several MDGs' activities were jointly carried out with GCAP & Driving change network.

2.4 Networking

1. National Networking

➤ National conference

- Participating and supporting the “Jamboree of the Poor” in Semarang, Central Java: reflection of MDGs achievements, future challenges and civilian society’s responses on the tendency of increasing poverty. The follow up to the Jamboree,

the district government of Wonosobo, Central Java, asked INFID to facilitate the formulation of the district’s regulations with specific target of fulfilling the MDGs targets in the district.



- Discussions and responses on 2007 State Budget and space for State Budgetary amendment.
- Joint seminar on MDGs’ achievements during the first half of the period for MDGs’ achievements target by 2015, or 7-7-7 MDG achievement

The absorbance for the activity reached 94% or Rp. 75,175,400 of the total allocated budget amounted to as much as Rp. 80 million.

➤ Regular Meeting with INFID member and Network

- Participating in advocating for MUNIR case
- Discussions on the budget, function, and policy on military spending.

- Monitoring and responding to the Government of Indonesia's policy on the purchase of military equipment with Export Credit Facility.
- Partnership with members and in the context of commemoration activities for the International day for the Eradication of Violence against Women, Human Rights Day, Disabled Day, and Migrant Day.
- Coordination Meeting for the advocacy of the Obstruction of Impoverishment and MDGs' achievements
- Coordination meeting for debt advocacy
- Coordination meeting for KOMNAS HAM's Institutional Enforcement
- Coordination meeting of cross generations of Human Rights activists
- Coordination meeting among NGOs and activists to respond to the issue of religious based violence

The budgetary absorbance for regular meeting with INFID members & network was **only 53% or as much as Rp. 50,595,561** of the allocated budget available which was Rp. **95 million**. This was caused by that **various meetings were held in the office of INFID or in one of the members' or network's office so it did not need any fee for venue / meeting Package at the hotel.**

2. International Networking

➤ **International Conference**

- International Conference: the impact of climate change and the agreements in UNFCCC on poverty, debt, environment, and the fate of indigenous people. Jointly organized with Walhi and other members of INFID at the same time as the event of UNFCCC in Bali.

➤ **Attending Network Meeting**

- The Experts Workshop on Ownership related to the Paris Declaration on Aid Effectiveness in Paris. INFID was one of the six NGO representatives from South NGOs sitting in the consultative meeting with OECD. The Executive Director of INFID presented a paper on democratic ownership and the participation of NGOs in aid effectiveness in Indonesia.
- Asia-Pacific Regional Consultation on Aid Effectiveness in Hanoi. INFID presented the experiences of NGOs in the meeting with official donors and about foreign debt funded projects. The activity was part of the preparation for Doha conference on Development Funding in 2008 and the High Level Meeting on Aid Effectiveness in Accra, Ghana, also in 2008.
- INFID began to discuss the new networking strategy in Europe, USA, Canada, Japan and Australia. This was only a brainstorming discussion in the Secretariat to handle INFID's funding situation problem. One of the issues was the relevance of Liaison Office's existence in Brussels. If INFID had strong network in Europe and the network could do the advocacy on behalf of INFID or support INFID's advocacy in Europe, the existence of INFID's Liaison Office in Brussels no longer became relevant.
- **Participating in the workshop of DGPO-New Rules** in Washington on the enforcement of parliamentary supervision on International Financial Institutions (IFIs).

- Participating in the discussions with NGOs in Finland on environment, development in developing countries, and the possibilities for Finland's loan cancellation/eradication to Indonesia.
- Joining with Australian NGO's (Jubilee Australia, ACFID) campaign on Debt2Health
- Joining in the campaign of Jubilee South on MDGs and Debt cancellation in several events in Asia.
- Participating in the Seminar and Workshop on Debt2Health organized by Global Fund and Germany Jubilee in Berlin on 24 – 26 September. One of the realistic options for debt cut was debt swap. We expected more countries would be participating in Debts Swap for MDGs in the future.
- Participating in GCAP campaign at World Bank/IMF Annual Meeting
- Experiences sharing with DFID, Oxfam GB, UNDP, Decentralization of Supporting Facilities in MDGs Assessment in eight provinces in Driving Change program (INFID-GAPRI) in 14 Regions
- National Action for Global Movement against Poverty on International Poverty Day

The absorbance for International Networking activity reached 99% or Rp 73,886,161 of the allocated budget for International conference amounting to as much as Rp 75 million and 96% or Rp. 71,691,021 of the budget as much as Rp 75 million for network meeting attendance.

3. Information exchange

- Information exchange about defense partnership between Indonesia and Australia.
- Information exchange (seminar) about defense partnership between Indonesia and Russia.
- Responding to European Union's Strategy Paper on Indonesia.
- Monitoring Defense partnership among the Government of Indonesia and USA, Singapore, the Philippines, India and China.

The absorbance for Information exchange was only 32% or Rp. 16,159,000 of budgetary allocation amounting to as much as Rp 50 million. Less absorbance was caused by the information exchanges were carried out at the same time as doing the networking at national and international level, and communication was done through electronic media (mailing list) so the spending became less.

In general, the absorbance of Networking activity was 77% of the available total budget.

2. Personnel cost Program

The fund received was less than predicted. Therefore INFID adjust some expenditures on personnel costs, such as: postponement of recruitment of research staff and campaign staff, and program manager. The salary increase to adjust to increase of inflation was also postponed.

On the other hand there was increase in the expenditure for LO staff in Brussels for severance payments due to the closing of LO Brussels.

3. INSTITUTIONAL

3.1 Institutional development

➤ 1. Legality and policy Development

- The settlement of legal form change of INFID and legalization of all documents from the Extra General Assembly 2006.
- The making of INFID's By Law Certificate by the notary
- Requesting the legalization of the notary's certificate at Department of Justice and Human Rights
- The compilation of Secretarial SOP and the formulation of the new structure for INFID's secretariat

The fund absorbance of the activity was Rp. 8,894,000 or 89% of the total budget amounting to as much as Rp. 10 million. Less absorbance occurred in Legality and policy development item was caused by the incompleteness of the legality process from the Department of Justice.

➤ 2. Fund raising /resource mobilization

- Fund raising: INFID would start contacting donors who had the potential to support future programs.

Budgetary absorbance only reached 40% or Rp. 30,274,200 of the available budget amounting to as much as Rp. 75 million. Less absorbance was caused by the activities were carried out at the same time as international lobby, thus the expenses would be less. Additionally, several funding paid a visit to INFID.

In general the absorbed fund for the **Institutional Development** activity was Rp. 39,168,200 or as much as 46% of the planned budget.

3.2 Planning, monitoring & Evaluation

➤ **Quarterly PME**

The implementation of PME was carried out three times in April, July, and November. During PME adjustments were also made to the activities and budget for 2007 as well as to the team formation mechanism and team work formation at the Secretariat.

Fund absorbance for the activity was only 18% or Rp. 2,642,000 of the total budget amounting to Rp 15 million. Less absorbance or saving was made due to the PME activities were held at the office and did not use external facilitator instead the director and the vice director were functioned as the facilitators, so the expenses were very little.

➤ **Internal audit**

Was carried out by the Board's treasurer and deputy to the treasurer, thus it did not need any expenses, or the absorbance was 0%.

➤ **Annual Evaluation and Planning**

Was carried out on 10 -16 December 2007 in Jakarta, with facilitator from SCN (Semarak Cerlang Nusa) who provided institutional assistance service supporting by the funding from Development and Peace (DnP). Less absorbance was caused by INFID did not have to pay for the Facilitator and assistant fee.

➤ **External Audit**

Was a routine annual activity. Less absorbance was because INFID did not have any expenditure on audit fee for EED donor which had been budgeted previously, and the audit fee for FORD donor which was carried out once annually, in 2006 audit for FORD donor was carried out twice annually.

➤ **Public accountability**

Less absorbance was caused by several reports were sent to donor through email, so the expenses was less.

In general, the absorbed fund for **Planning, monitoring & Evaluation** activity reached Rp. 118,132,600 or 51% of the total planned budget amounting to Rp. 230 million

3.3 Planning, monitoring & Evaluation = 45%

➤ Institutional Popularization

Institutional Popularization was made by making brochures on INFID and souvenirs with INFID's logo to be given as memento to Source person in meetings organized by INFID

The fund used for the activity was Rp. 12 million or 48% of the available budget amounting to Rp. 25 million. Less absorbance was caused by the order for several souvenirs were cancelled since souvenirs presentation was related to campaign tools (shirts or posters).

➤ Bridging communication among INFID member & secretariat = Rp. 20,000,000,-

- Initial preparations for the management of INFID Forum
- Communication with INFID members who would be source people in the Forum
- Bringing INFID members and INFID secretariat's network together in the UNFCCC meeting
- Communication and meeting with INFID members who would be INFID's delegation in International meetings.

Initial budget for Bridging Communication among INFID members was Rp 50 million. Nevertheless later it was adjusted to Rp 20 million. The activity's fund absorbance was Rp. 20,266,900 which was 41% when measured by the initial budget and reached 101 % when measured by the allocated budget after it was adjusted.

➤ Facilitating INFID's members

- Facilitating members and network to take part in discussions on civilian society's response on the resurgence of religious fundamentalism and violence in Indonesia.
- Facilitating members and network in the campaign of Information Freedom Act vs. State Secrecy Act.
- Facilitating members and network in the role and position of KOMNAS HAM.
- Supporting the campaign for Munir case and Human Rights violation cases.
- Facilitating NGO network and farmers in Bengkulu (western part of Sumatera) in the advocacy of corruption at the plantation projects funded by loan from ADB.
- Routine meetings of members and partners working on civilian supremacy.
- Monitoring the recruitment of KOMNAS HAM's commissioners.

- GCAP network meeting and strategy planning partnership.
- Providing swift response and solidarity for Jakarta's flood victims.
- Solidarity for INFID members in Kalimantan who experienced fire disaster
- Visit from NGO partner from Korea and INFID's liaison officer and INFID member in Japan (NINDJA).
- Facilitating INFID's members who were going to attend the UN meeting by making use of the ECOSOC accreditation possessed by INFID.
- Routine discussion of INFID's network at INFID's office.
- Monitoring the recruitment of KOMNAS HAM's members and facilitating the members and Board members of INFID participating in the recruitment process with information needed.

The initial budget for facilitating INFID's members was Rp 100 million. Later it was adjusted to Rp 50 million. The activity's fund absorbance was Rp. 47,000,300 or as much as 47% when it was measured by the initial budget and it reached 94 % when measured by the budget allocation after being adjusted.

In general, the fund absorbed for **Planning, monitoring & Evaluation** activity reached Rp. 79,267,200 or 45% when it was measured by the initial planned budget (prior to adjustment) amounting to Rp. 175 million. Nevertheless when it was measured by the adjusted budget of Rp. 95 million, the fund absorbance of Rp. 79,267,200 meant 83 %

3.4 Organizational Meetings

➤ Secretariat meeting

Secretariat meetings were held in the secretariat's office in the form of program coordination meeting, management and finance coordination meeting, and various technical preparation meetings. The absorbed fund for the activity was Rp. 9,065,500 for material reduplication and food and drinks. The activity's absorbance only reached 76 % of the planned budget amounting to Rp. 12 million because of efficiency and saving implementation.

➤ **Board Meeting**

Executive Board Meeting was held 6 times a year and Full Board meeting was held twice a year. The fund's absorbance for the activities was Rp. 301,803,288 or 90% of the planned budget amounting as much as Rp 335,000,000. Less absorbance because INFID no longer had to pay for two Indonesia –Europe return tickets in the second board meeting (25-26 Nov 2007) in Bali since two board members from Europe had resigned.

➤ **INFID Forum**

INFID Forum was held on 27-30 November 2007. This was to bring INFID members closer to the international event (UNFCCC) and to open the opportunity for INFID members to do networking and information sharing with various institutions. The initial budget for this activity was allocated as much as Rp. 125 million. Nevertheless later adjustment was made to Rp.100 million. The absorbed fund in the activity was Rp. 99,135,805 or 79% when it was measured by the allocation of the initial budget amounting Rp. 125 million but when it was measured by the adjusted budget the absorbance for the activity reached 99%. When observed from the entire management, the expenditure of the organization of the forum was very low. This was because INFID members contributed by paying their own ticket home. Additionally INFID got a discount for the accommodation.

In general, the fund absorbance for **Organizational Meetings** was Rp. 410,004,593 or 87% when it was measured from the initial planned budget (prior to adjustment) which amounted as much as Rp. 472 million. Yet if it was measured by the adjusted budget of Rp. 407 million the fund absorbance of Rp. 410,004,593 became 101 %

3.5 The Purchase and maintenance of office equipment

➤ Equipment procurement

Purchase was made for equipment to support advocacy works such as Printer Color, Camera Digital, and Computer table for IT staff, filing cabinet for IT staff.

The budgetary allocation for equipment procurement was adjusted from Rp. 50 million to Rp. 12 million. The absorbed fund for the activity was Rp. 12 million. When it was measured by the initial planned budget, the absorbance of the activity was 24%. Yet when it was measured by the adjusted budget the absorbance reached 100%.

➤ Maintenance

Until 2007 the process of INFID's equipments' maintenance had been made with coordination with IT Specialist and Administration unit for Routine check & maintenance and maintenance based on cases.

The maintenance budget allocation was adjusted from Rp. 30 million to Rp. 25 million. The absorbed fund for the activity was Rp. 24,925,168. When it was measured by the planned initial budget, the absorbance for the activity was 83%, yet when it was measured by the adjusted budget the absorbance reached 99%.

In general the absorbed fund for **Acquisition and maintenance of office equipment** was Rp.36,925,168 or 46% if it was measured by the planned initial budget (prior to adjustment) of Rp. 80 million. Nevertheless when it was measured by the adjusted budget of Rp. 37 million, the fund's absorbance of Rp.36,925,168 reached 99.7 %

3.6 Human Resources Development

➤ Staff Recruitment

- New staff recruitment: Two staff members had resigned in March (IT officer and Information and Documentation officer). Two new staff were recruited and started to work in April and May 2007.
- Staff recruitment: INFID implemented staff recruitment to fill in the vacant positions of MDGs Campaign Coordinator and Debt and MDGs Issue Research

Coordinator. Nevertheless the second stage of the test process had just completed in January 2008

- MDGs Coordinator (Nadia Hadad) resigned in September 2007. The secretariat is in the process of recruiting the MDGs Coordinator's successor, but the recruitment has not been successful since the qualifications of the applicants have not met the INFID's standard.

The budget for recruitment was adjusted from Rp. 20 million to Rp. 10 million nevertheless for the recruitment implementation, some savings were made by doing the staff recruitment through email thus it did not have any expenditure and the absorbance was 0%.

➤ **Replacement & staff evaluation**

Replacement was carried out by adjusting to the new structure. The positions in the new structure were filled in by existing personnel who were interested in taking over the responsibilities and tasks as mentioned in the Job Description.

On 27 June 2007, the job description of the entire staff of INFID had been completed and discussed with the Staff.

Job description's explanation was reviewed by an OD Consultant from EED, Thomas Hladik, in order to obtain some inputs. Next it would be discussed by the Director and his Deputy and would be passed on to each staff of INFID. The discussion process for the finalization of the job description remained opened for both the management and INFID's staff.

Staff evaluation was planned to be tested at the end of 2007 nevertheless due to the hectic year-end's activities, Staff evaluation has not been implemented. In its place, staff performance assessment was viewed during the institutional evaluation using the IDF (Institution Development Frame Work) tools.

There was no expenditure or 0% absorbance for the activity.

➤ **Capacity building**

Capacity building was carried out by sending 2 staff to an English course and by sending IT staff to attend media training in Yogyakarta and IT training in Jakarta.

The initial budget of the activity was Rp. 80 million, but it was adjusted to Rp. 25 million. The fund absorbed for the activity was Rp. 28,847,609. When it was measured by the initial budget, the absorption of the activity only reached 36%. Nevertheless when it was measured by the adjusted budget the absorption rocketed to 115%.

➤ **Volunteer**

The plan to develop the policy on volunteer has not been completed. Currently INFID has just interviewed several institutions that managed volunteers to learn about the impact of recruiting volunteer and volunteer management strategy. Hence the activity has not had any expenditure.

In general, the fund absorbed for **Human Resources Development** was Rp. 28,847,609 or 23%, when measured by the initial planned budget (prior to adjustment), of Rp. 123 million. Yet when measured by the adjusted budget of Rp. 48 million, the fund absorbance of Rp. 28,847,609 reached 60 %

Personnel cost

The personnel costs include the routine costs for program coordinators, staff and LO staff.

Since the funds received were less than the amount predicted, there were some adjustments related to personnel costs such as the postponement of several program staff recruitment and postponement of pay rise as response to the increase in inflation.

As for LO Staff, an increase of 61% was for the payment of severance pay because of the closing down of the LO Brussels and its activities in 2007. In general, the absorption of the personnel cost reached 97%.

ADMINISTRATION GENERAL SERVICE

Was routine expenditure spent on the Secretariat in Jakarta and LO Brussels. Expenditure items for the Secretariat in Jakarta and LO Brussels covered space rent, Office supplies, communication, maintenance and other expenditures.



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