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SCALING
UP FOR
MOST-AT-RISK POPULATIONS



Supporting the HIV Response: A Manual for Civil Society Organizations

Module 1 CSO Start-Up

April 2011

SUPPORTING THE HIV RESPONSE: A MANUAL FOR CIVIL SOCIETY ORGANIZATIONS

Module 1

CSO Start-Up

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Abbreviations

AusAID	Australia's Overseas AID Program
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
CIDA	Canadian International Development Agency
DIFD	United Kingdom Department for International Development
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
HIV	Human Immunodeficiency Virus
HR	Human Resources
ILO	International Labour Organization
MARPs	Most At Risk Populations
NAC	National AIDS Commission
NGO	Non-Government Organization
NU	Nahdlatul Ulama
PKBI	Indonesian Planned Parenthood
PLHIV	Person/people living with HIV or AIDS
SIDA	Swedish International Development Agency
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNDP	United Nations Development Fund
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

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Purpose of this Module

This module on *CSO Start-Up* is a *how to* guide developed to supplement the four core “best practices” manuals prepared by the USAID Scaling Up for Most-at-Risk Populations (SUM) Program for CSOs working in the HIV response. The four core manuals are:

- *Supporting the HIV Response: A Manual for Civil Society Organizations Working with Men who have Sex with Men*
- *Supporting the HIV Response: A Manual for Civil Society Organizations Working with Female Sex Workers*
- *Supporting the HIV Response: A Manual for Civil Society Organizations Working with Transgender Persons*
- *Supporting the HIV Response: A Manual for Civil Society Organizations Working with Injecting Drug Users*

Version One of these four core manuals were produced in 2011. They each include sections on organizational performance and technical capacity.

A key challenge for *Version One* was *how much to include* and at the same time keep the core manuals to a reasonable length. The decision was made to focus the core manuals on essential best practices and supplement them with a series of *how to* modules. The *Module 1 – CSO Start-Up* is the first in the series of new supplemental modules. Other modules currently available in Indonesian and English include:

- *Module 2 – CSO Strategic Planning*
- *Module 3 – CSO Human Resources Management*
- *Module 4 – CSO Program Planning*
- *Module 5 – CSO Policies and Procedures*
- *Module 6 – Mobilizing for MARPs*
- *Module 7 – Strategies for Effective MARPs-based Advocacy*

Version Two of the four core manuals will be produced in early 2012. They will be refined and strengthened versions, benefiting from the results of the 2011 SUM Program expanded readiness assessments (ERAs) in several communities across the country, and from the results of the 2011 SUM Program CSO-specific organizational performance and technical capacity (OP/TC) assessments conducted with a number of CSOs in SUM Program targeted communities.

Also available from the USAID SUM Program are many “how to” organizational performance and technical capacity manuals developed by its predecessor project –

the USAID Aksi Stop AIDS (ASA) Project. Throughout the four core manuals these supplemental *how to* materials are referenced as key resources.

Over the coming years, the SUM Program will expand its list of “how to” manuals, technical briefs, and training materials based on needs identified by CSOs and other stakeholders.

The USAID SUM Program manuals and supplemental modules are aligned to the Government of Indonesia National AIDS Commission’s *National Strategy and Action Plan 2010-2014*. A key priority action of the National Strategy is to strengthen the engagement of civil society in the HIV response.

It is the hope of the USAID SUM Program that this *CSO Start-Up Module* will foster the establishment of new CSOs engaged in the HIV response.

1. Introduction to Organization

This manual aims to assist local groups and networks to understand how to ‘take action together better’ in the local response to HIV. Some local groups are informal groups – networks of friends and contacts who are mutually affected by or concerned about the risks of HIV, or they are people who are concerned about the impacts of HIV on others they know. Some local groups are formal groups – these are usually legally registered in Indonesia and they may have a Board of Directors, managers and staff delivering services. They may have attracted funding from government or international donors.

At a particular point in their development, local informal groups usually decide they need to formally register their group as an ‘organization’ because this brings them more respect and regard from government and other institutions and because it can help them to ‘act together better’ and to reach more people who are at risk of and affected by HIV.

There are several core competencies that are important for successfully establishing an organization in Indonesia. They are described below.

1.1 What is an Organization?

Groups form and contribute to the local HIV response in a number of ways. When a group of people formally gathers to accomplish certain goals they are organizing together and this grouping can therefore also be called an organization. Most of the time, individuals come together like this because they have not been able to meet their goals alone.

Organizations are social or collective by nature. They are deliberately formed and are goal-oriented. By their nature, organizations operate best when they work in cooperation with other groups, organizations and institutions in their external environment.

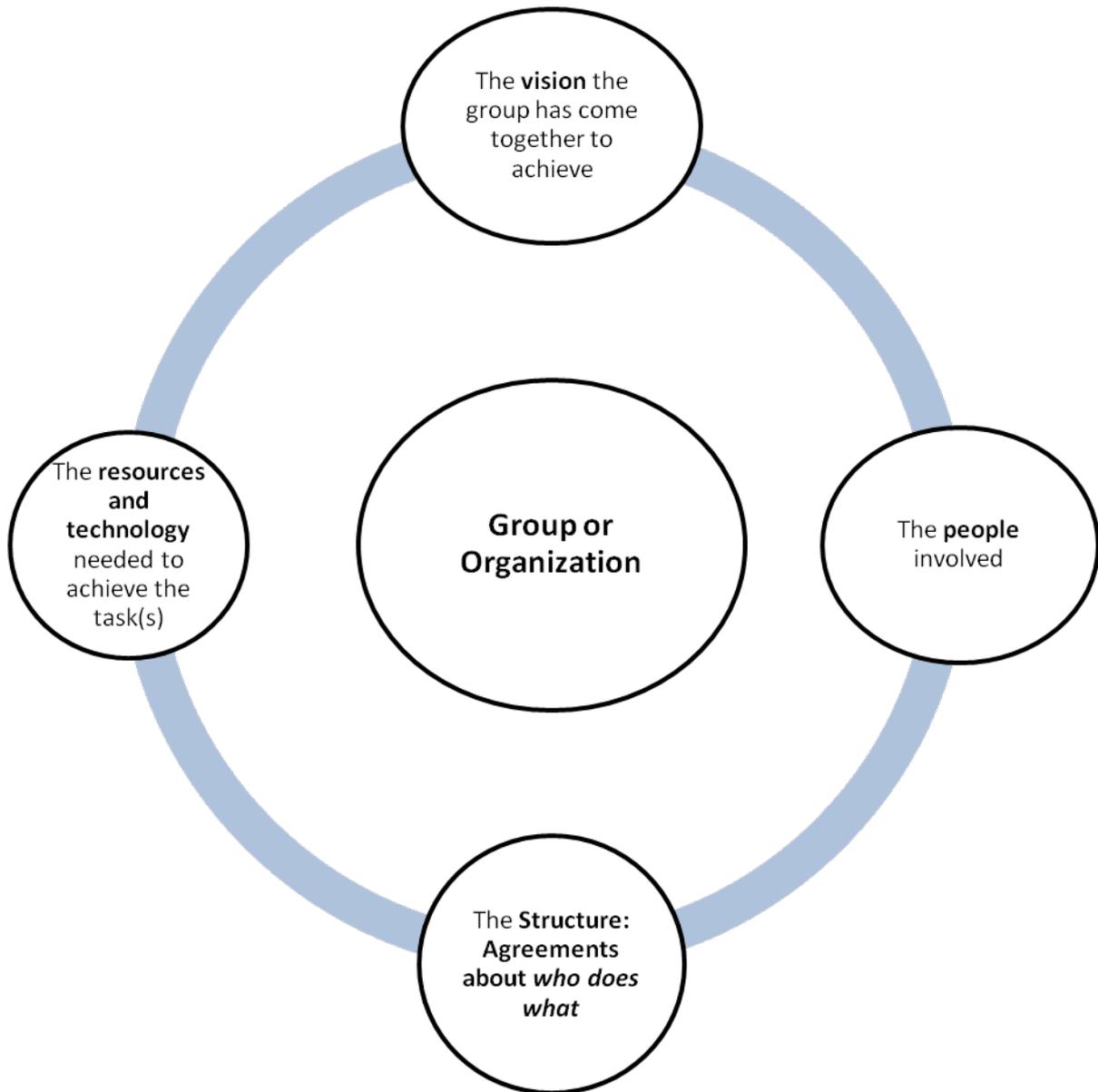
Core Competencies in CSO Start-Up

Core competencies for successfully establishing organizations in Indonesia include:

- Understand the laws regulating non-government organizations (NGOs) and *Yayasan*
- Identify a good Notary Public to get the incorporating act formalized
- Develop the constitution and bylaws for the organization
- In the case of *Yayasan* identify and recruit appropriate candidates for the Board of Directors
- Set aside at least Rp.10 million as initial capital, if founding a *Yayasan*
- Have a good idea of the resources to use for running the organization and helping it survive and grow

Diagram 1: Components of Organization

As illustrated in Diagram 1, Components of Organizations, a group or organization is comprised of a set of individual **people** who have come together to achieve a **vision**. They usually are in agreement, either formally or informally, about who does (or will do) what, which begins to form their group **structure**. They also have ideas about the **resources and technology** they will need to achieve the task. These key elements in the diagram are described in more detailed below.



Components of an Organization: People, Vision, Structure and Technology

People

As already stated, individuals form groups and organizations to *take action together better*. People are the essence of any organizations and it is the human part of the organization that performs different functions in the organization and helps it to complete agreed upon tasks.

Vision

The vision of an organization is defined as the purpose for which it exists. Compelling visions motivate and inspire people – and increase membership, numbers of volunteers, and help build alliances with other organizations.

For an organization that is led by individuals who are from a most-at-risk population, the vision might be to interrupt the transmission of HIV among this group and/or to improve the lives of people living with HIV. For an organization not led by individuals from most-at-risk populations, the vision might include enhancing social justice, alleviating poverty or improving the health of local communities.

Every organization should have a vision and stated purpose for their existence that they have discussed and agreed upon together. The vision and purpose in a formal organization are written down and 'encoded' in their constitutions and other legal documents about their group. The organization's vision provides a framework for strategic thinking and planning, with specific goals, objectives and tasks documented in a strategic plan. The agreed to goals and objectives lead people in the organization to undertake certain activities – for example, engaging in HIV outreach and prevention education activities, the distribution of prevention technologies, and counseling or referral to services. The tasks might also lead to the development of HIV-related materials (for example, developing products like HIV pamphlets or posters).

Structure

In every group and organization the people take on different roles. For example, even in the most informal groups, one or two people are the original organizers and they may be the people that others look to for guidance and leadership. They may become the leaders of the group. In formal organizations these dynamics are stated clearly by developing a written and agreed to structure for the organization with

Questions for the CSO

- 1) What sort of organization or group are you? Formal or informal?
- 2) Can you describe the components of your group or organization?

People:
Vision:
Structure:
Technology and Resources:
- 3) How else would you describe your group or organization?

leaders, managers, staff positions, etc. These basic arrangements of people and their roles becomes the organization's structure.

Technology

Informal groups may have very few resources available to them to engage in their activities. More formal groups may have technology that helps them to produce and complete their activities, such as computers, printers, and telephones. They may also have office space to work from. The intellectual and mechanical processes used by an organization to transform inputs into products and services are known as technology.

1.2 What does Indonesia's Constitution say about Organizations?

The rights of individuals to organize themselves in to an organization, either for profit or not-for-profit purposes, are protected by the 1945 Constitution and its amendments, specifically Article 28E Clause 3. This clause states:

"Every individual has the rights to the freedom to associate, gather and speak his/her opinion."

The Indonesia Civil Code (KUHPer) Article 1653-1655 describes the form of association of individuals or institutions, whether they are established by public authority or acknowledged as such, or whether they are permitted as lawful, or whether they are established with a specific objective, provided that they do not violate the law or proper order.

The power of the board of such an association is fully independent and its autonomy is clearly protected by law. Article 1655 of Indonesia Civil Code states:

"The managers of legal entities shall be, unless otherwise stipulated in the deed of establishment, the agreements and the regulations, authorized to act on behalf of the entity, to bind such to third parties and to bind third parties to such, and also, to appear in court as plaintiff as well as defendant."

This article means that an organization with a legal entity or legal body status is fully acknowledged under the law as being lawful and therefore becomes object to the laws. The organization can legally enter contracts or agreements that is protected by law with a third party and the managers of the organization may submit a law suit against a third party and conversely must also represent the organization when it is sued by any other parties.

1.3 Types of Organizations in Indonesia

The types of organizations in Indonesia are based on their legal status, the membership, or their profit orientation.

1.3.1 Based on Legal Status

Formal (having a legal entity status): The organization has legal and official recognition. The legal status is obtained if the establishment or formation of the organization is done before a Notary Public who will issue a Charter or incorporation deed or certificate for the organization. In Indonesia, the organization should also be registered with a ministry or ministries, such as the Ministry of Law and Human Rights, Ministry of Social Affairs, Ministry of Internal Affairs etc.

Informal (lacking of legal entity status): Informal or private groups that are not registered with relevant government institutions responsible for overseeing corporate and associations law, and/or in charge of the sector under which the organization's activities fall. An informal organization can become formal if its members' decide so by following the incorporation process through a Notary Public.

1.3.2 Based on Membership

With membership: The organization is formed with membership in that its size depends on the number of members in the organization. In such organizations, decision making rests with the deliberation of all members of the organization or their representatives. The organization does not exist if there is no membership.

The general term for this type of organization is *paguyuban* for a non-profit organization and *patembayan* for an organization established for an economic purpose. Examples of *paguyuban* are housewife aerobic club; motorbike riders club; association of ex-convicts; association of people coming from the same hometown; association of ex-drug addicts; a neighborhood unit (*RT* and *RW*); student activists; church or '*masjid*' based youth clubs, etc.

Cooperatives and limited companies are examples of *patembayan*. In limited companies, the share holders are members of the organization.

With no membership: The best example of an organization with no members is a *Yayasan* (foundation), which is designated as a non-membership organization by law. To be officially called a *Yayasan*, an organization must have a legal entity status.

1.3.3 Based on Profit Orientation

For-Profit: The purpose of this type of organization is to provide services and products and to make money and profit doing so. Profit making organizations are not part of the USAID SUM Program mandate.

Nonprofit: The not-for-profit organization exists for educational, charitable, social, religious or developmental purposes. A non-profit organization does not have owners or shareholders who receive profits from the services and products of the organization. Instead, money earned as 'profit' is retained by the organization and used for its own expenses, operations and programs. In most countries non-profit organizations are exempt from income and property taxes. Under the Indonesia tax law, however, even non-profit organization should have a tax identification number and should withhold the income tax of employees. The organization's income (e.g., government funds, donor funds or individual donations) are tax-exempt as long as it can be demonstrated these funds comes from grants and other donations.

Ownership is the major difference between non-profit and for-profit organizations. Not-for-profit organizations do not have private owners. They have controlling members or boards, but these people cannot sell their shares to others or personally benefit in any taxable way. While they are able to earn a profit, sometimes called a surplus income, this money must be kept by the organization for its future survival and expansion or perhaps to do new tasks. Earnings – where the group is making money – may not benefit individuals or stakeholders. However, for-profit organizations can be privately owned and may redistribute taxable wealth or profits to employees and shareholders.

An organization can have a mix of the above typology. For example, you can have an organization that has legal entity status, with membership and profit making (e.g., a private limited company), or an organization that has no legal entity status, with membership and non-profit making (e.g., a coffee addict club). Another example is a legal, non-profit and non-membership organization.

1.3.4 Legal Non-Profit Organizations in Indonesia

In Indonesia, non-profit organizations mostly adopt the form of *Yayasan* (foundation), which by law has no members. The ultimate, highest decision-making power of a *Yayasan* rests with its Board of Patrons, which is further describe in this module. Many educational institutions (schools, pesantren, and universities) are owned by or are in the form of *Yayasan*.

The most common additional non-profit organizations, mainly the more informal ones, and which do not always have legal status, is *Paguyuban* (friendly association or club) and *Perkumpulan*, as already discussed above. Examples of *paguyuban* are numerous, such as *paguyuban* of people of the same profession, those living in the same area, having the same hometown, people using the same make and type of motorcycle, or people suffering from the same health problems or illness such as asthma, diabetes, heart disease, HIV, etc. A *paguyuban* can have a legal entity status by having a notarized Charter of Certificate of Incorporation and Constitution and register itself with the relevant ministry. *Paguyuban* in contrast to a *Yayasan*, is membership organization.

Yayasan

Yayasan is a legal entity that consists of a designated, separated fund, wealth specially for the purpose of achieving certain objectives within the social, religious and humanitarian realms, and has no membership.

- **Laws Governing a *Yayasan***

Yayasan is governed by:

- Law No.16/2001 on *Yayasan*;
- Law No.28/2004 amending the Law No.16/2001 on *Yayasan*; and
- The Government Regulation No.63/2008

It is important that prior to establishing a *Yayasan* – as a new organization, a transformation of an existing organization, or a *Yayasan* established without full understanding of the above laws – you should review and familiarize yourself with these laws to avoid making mistakes. Otherwise, you can consult a Notary Public. What follows under this section is only a presentation of the basics that you need to know about *Yayasan* for initial consideration.

- **Steps to Establish a *Yayasan***

The steps for founding a *Yayasan* are:

Step 1: One or more individuals agree to form a *Yayasan* and commit to set aside a certain fixed part of their wealth for the *Yayasan's* initial capital. The minimum amount of initial capital provided from the founders' personal wealth, in the form of cash or in-kind, is Rp.10 million when all of the founders are Indonesian, and Rp.100 million when there is a foreign national among the founders.

Step 2: The individual(s) agree on the name, the purpose of *Yayasan* and other points, which should be stated in the incorporation act and the Constitution. These include:

- 1) Complete names, addresses and occupations of the founders
- 2) The proposed name of the *Yayasan* and its domicile
- 3) Purpose and objectives as well activities for achieving the *Yayasan's* purpose and objectives
- 4) The time period it is expected the *Yayasan* will exist (in most cases it will be simply stated as "indefinitely")
- 5) The amount of the *Yayasan's* initial capital
- 6) How the *Yayasan* will generate funds and use them
- 7) The procedure used to appoint, terminate and replace members of the Board of Patrons, Board of Directors, and the Supervisory Board
- 8) The rights and responsibilities of the members of the Board of Patrons, Board of Directors, and the Supervisory Board

- 9) The procedures for the official meetings of the Boards
- 10) Stipulation on the amendments made to the Constitution
- 11) Merger and disbandment of the *Yayasan*
- 12) The use of the balance remaining after liquidation, or the channeling of the *Yayasan's* wealth after its disbandment. [It should be noted that upon its disbandment, it is not allowed to divide the wealth of the *Yayasan* among its members of the Boards.]

A number of the above points are standardized and provided by the Notary Public, unless the founders have special stipulations/arrangement.

Step 3: The individual(s) select a Notary Public and meet with the Notary Public (one or more representatives) to make arrangement for the legal incorporation process, and provide the Notary Public with all the above information. Ideally, the “founders” should have developed the draft Constitution, which contains all the above listed information. Otherwise, a written description containing the above information will suffice.

Step 4: The Notary Public will check with the Ministry of Law and Human Rights to determine if the proposed name for the *Yayasan* is acceptable (has not been used by other entities). No two entities are allowed to use the same name.

Step 5: Once the name is determined to be okay, the Notary Public will prepare the incorporation deed that contains the Constitution, and inform you when you should come for signing the deed.

Step 6: On the date agreed by all parties, the founders and witnesses (can be one of the Notary Public's staff) meet with the Notary Public to sign the deed. The Notary Public will read the deed to the audience and when there is no objection from the audience, all the founders sign the deed.

Step 7: If you decide to entrust to the Notary Public the registration of the *Yayasan* with the Ministry of Law and Human Rights, it may speed the process since the Notary Public does it all the time and knows the specific procedures. Otherwise you can do it yourself.

It may take several months before you are formally registered with the Ministry of Law and Human Rights. Make sure you get the slip that proves that the registration is already in process. This is important since you will need it to open your bank account on behalf of the *Yayasan* as well as obtain the *Yayasan's* NPWP (Tax identification number).

It is important to note that a *Yayasan* can be started by a living person or a deceased person through his/her Will.

- **Important issues you should know about *Yayasan***

***Yayasan* and business**

Despite its non-profit status a *Yayasan* may conduct revenue generating activities to attract funds in order to achieve its goal and objectives, by way of forming a business company and/or joining an existing enterprising company, on the conditions that:

- 1) The business should commensurate with the goal and objectives of the *Yayasan*.
- 2) The business is not one that would disturb the public order, and the existing and effective moral standards and/or laws and regulations, e.g., it may cover the field of human rights, arts, sports, consumers protection, education, environment, health and science. See Article 8, Law No.16/2001.
- 3) The maximum invested value of the *Yayasan's* overall total wealth is 25%. See Article 7 Clause 2, Law No.16/2001.
- 4) All members of the *Yayasan's* Board of Patrons (Pembina); Board of Directors (Pengurus); and Supervisory Board (Pengawas) are not permitted to assume positions in the Board of Directors and the Board of Commissioners or Supervisory Board of the business entity. See Article 7 Clause 3, Law No.16/2001.
- 5) **No salaries are allowed** for *Yayasan's* Governing Boards. The government's regulations stipulate that members of the Board of Patrons, Board of Directors and Supervisory Boards are not allowed to receive salary or other compensations that have monetary values from the *Yayasan*. See Article 5 Law No.28/2004. Violation of this stipulation will lead to legal sanction that may put you in jail.
- 6) Exceptions on salaries may be given only to the members Board of Directors:
 - When the member of the Board of Directors dedicates his or her full time to work for the *Yayasan*.
 - He/she is not one of the founders of the *Yayasan*.

Paguyuban

- **Laws Governing *Paguyuban***

The Law No.8/1986 on Mass Organization regulates the formation and operation of these types of organizations.

Paguyuban is a system of societal relationship that is not motivated by economic objectives. It ranges from units like Rukun Tetangga (RT) and house wives aerobics

club to nation-wide associations of professionals, such as the Indonesian Doctors Association (IDI), University Students Association, and so forth.

- **What is the Legal Status of *Paguyuban*?**

A small *paguyuban* may not feel it is necessary to have a legal entity status, but many types of *paguyuban* are legal entities with formal status. They develop their constitution and bylaws and have the constitution formalized by a Notary Public, and they register with the local government (district/kota) and are endorsed by the Ministry of Internal Affairs or directly with the MoIA and other relevant ministries. In its constitution the organization must stipulate the following:

- 1) The intended period of existence for the organization: Many simply state “the *paguyuban* will exist for an indefinite period.”
- 2) Purpose and objectives: A statement explaining the purpose of the organization, i.e., the reasons why the organization is being formed by its founders.
- 3) The organs of the association: There is no exact requirement in the law, and it is left with the organization itself to decide. It should be stipulated in the constitution.

Unlike *Yayasan*, however, you may develop your own format for the Constitution, as long as the aspects above are all covered and clearly stipulated. It is worth noting that *Paguyuban* is allowed to distribute income generated to its members should it wish to; the *Paguyuban* is not purely a charitable entity aimed at social activities. When it has obtained legal entity status, it is allowed to enter legal contracts or agreements that are legally binding.

According to a practicing notary on her website, the process of getting a *Paguyuban* endorsed by the Ministry of Law and Human Rights can take a very long time (one year or so).

Relevant Laws: All relevant laws and government regulations governing *Yayasan* and *paguyuban* can be found among the Annexes to this Manual.

Questions for the CSO

1. What type of organization is best in your opinion for your community or group? Why is that?
2. Why is making your group a legal entity important?
3. What is the first step that you will take to formalize your group or organization?
4. What step in forming a *Yayasan* do you think will be most difficult for you, if any?
5. Do you know a Notary Public in your area that can help you in formalizing your organization?

2. The Governance Structure of Organizations

The descriptions presented below are based on *Yayasan*, since it is already stipulated in the laws and government regulations issued by the government for *Yayasan*. In addition, it should be stated here that the organization structure for *paguyuban* will not differ much from that of a *Yayasan*, except for certain aspects that will be discussed at the end of this section.

For *Yayasan*, Law No.16/2001 and Law No.28/2004 contain clauses that stipulate the basic, core organization governance structure that must be established in any *Yayasan*, namely:

2.1 The Board of Patron/Founders (Pembina)

The Board of Patron/Founders (Pembina) has the following authority, which cannot be delegated, e.g., to the Board of Directors:

- 1) Amending the *Yayasan's* constitution
- 2) Appointing and terminating members of Board of Directors and the Supervisory Board
- 3) Making decisions on the general policy of the *Yayasan* based on its constitution
- 4) Ratification of the *Yayasan's* program plan and annual budget
- 5) Making decisions on merging or disbanding of the *Yayasan*.

With the above authority, the Board of Patrons holds the ultimate power of a *Yayasan*, although it cannot be said that they own the *Yayasan*. The Board of Patron normally consists of but is not limited to the *Yayasan* founders. The founders may see it essential to include other persons that are highly dedicated. Members of this Board are not allowed to also assume positions as members of the Board of Directors and the Supervisory Board.

2.2 The Board of Directors (Pengurus)

The Board of Directors (Pengurus) is appointed by the Board of Patrons. The structure of this Board should at least consist of the following:

- Chairperson
- Secretary
- Treasurer

This is the basic minimum structure for the Board of Directors and there is no limitation given to how this structure can be expanded based on the *Yayasan's* needs.

What is the best size for a Board of Directors? What should their expertise be?

It all depends of the *Yayasan's* needs. A district level *Yayasan* would normally require not more than 10 members on the Board of Directors. Among the benefits of having a smaller sized board is that it will be easier to make decisions. A smaller board with all active members is much better than a large one with only a few active members.

The expertise needed by the *Yayasan* will also dictate the size and diversity of the Board of Directors. Among the common expertise and/or skills a *Yayasan* may wish to consider for its Board of Directors include:

- 1) Fundraising. All members of the Board should be able and willing to be active fundraisers for the organization, but at least one board member with significant non-profit fundraising experience should be considered.
- 2) Financial management
- 3) Marketing/Public Relations
- 4) Human Resources
- 5) Legal
- 6) Strategy/Planning
- 7) HIV or health programming expertise
- 8) Technology

Other than the specific expertise, having Board members with significant standing (a prominent figure) in your society will be very advantageous since he/she may have great lobbying potential that can benefit the *Yayasan*. This is especially true for MARPs-based *Yayasan*, considering the stigma against MARPs in general.

What is the common role of the members of the Board of Directors?

1. Monitoring the organization's operations
 - Hiring and periodically evaluating the organization's executive director.
 - Working with and providing support to the executive director.
 - Preparing the annual budget, annual report, etc, and overseeing financial management of the organization
 - Soliciting and reviewing programs
2. Serving as a public figure for the organization
 - Fundraising
 - Advocating for the organization and the constituency it serves
3. Fulfilling other board responsibilities
 - Documenting policies and decisions to create an organizational memory
 - Preparing for and attending board meetings
 - Researching and discussing issues before decisions are made
 - Replacing and orienting board members when a vacancy arises

The law stipulates that the Board of Directors is appointed for five years and may be reappointed for another term.

The Board of Directors is authorized to appoint an Executive Staff as it deems necessary (usually either an Executive Secretary or Executive Director), and the Executive Director or Secretary is authorized to form the executing team for the day to day operation of the *Yayasan* by hiring his/her staff, with approval from the Board of Directors. This option is fully the preference of the *Yayasan's* Board and not regulated in detail by the two laws cited above. When no Executive Secretary or Director is appointed, the Board of Directors will be responsible for the day to day operation of the *Yayasan*.

It is also important to mention here what the Board of Directors **cannot do** in exercising their authority. The Board of Directors is not allowed to:

- Bind the *Yayasan* as guarantor of a debt/loan
- Transfer the wealth of the *Yayasan* except with the approval of the Board of Patrons
- Burden the *Yayasan's* wealth for the interest of other entities.

2.3 The Supervisory Board

The Supervisory Board is the organ of the *Yayasan* that is responsible for providing supervision and advices to the Board of Directors in implementing their tasks for the *Yayasan*. Members of this Board are appointed by the Board of Patrons. There should be at least one member of this Board appointed, and he/she should be an individual with the capacity of executing legal actions.

The Supervisory Board has the authority to temporarily suspend one or more members of the Board of Directors, should they feel necessary to do so. Final decision / solution as the follow up to this action shall rest with the Board of Patrons.

2.4 The Executive Team

As earlier mentioned, the executive team is not regulated by any of the laws on *Yayasan*. It is up to the Board of Directors to establish it or not depending on needs. The executing team/staff members are normally **salaried employees** of the *Yayasan* and are recruited from professionals selected for their appropriateness to run the *Yayasan* on daily basis.

The Board of Directors can either recruit just the Executive Director or Executive Secretary, leaving the recruitment of the rest of the executing team to the Executive Director/Secretary, OR recruit the whole team directly.

Depending on size and funding, the executing team, in addition to the Executive Director or Secretary (if the Board of Directors chose to appoint one), may also require the following:

- Finance Manager
- Administrative Manager
- HR Manager (as required)
- Program Manager (as required)

The need for an HR manager really depends – how many projects the organization is managing and the size of each; or on the number of project staff. For the small *Yayasan* the Administration Manager or the Finance Manager can also oversee human resource administration. *Yayasan* with a large number of staff requires special management, including human resource development. For the large *Yayasan*, one **HR Manager** should be recruited to be in charge of the HR management.

The same is true for the Program Manager. When a *Yayasan* only has one program or project, there is no need to hire a Program Manager, especially when the Executive Director or Secretary could be in charge of managing the *Yayasan's* program. The decision to hire a Program Manager should also be based on the financial situation of the *Yayasan*.

How can we assure that most-at-risk populations (MARPs) at least become part of the governing body of an organization?

To answer this question we must refer to the type of organization and the structure of the organization governance as described above.

- If it is a *paguyuban*, chances are it is a MARPs membership organization, so no question about MARPs involvement and decision making authority.
- If it is a *Yayasan* and founded by MARPs, the founders will become members of the Board of Patrons. MARPs can be further empowered in the organization by appointment to the Board of Directors.

Questions for the CSO

1. Is there anyone you know whom you can invite to be founders of your organization?
2. Who do you think you should approach and recruit to become members of the Board of Directors? Why do you think so? How do you think they can help you in making your desired organization become a reality and prosper?
3. What expertise do you think should be represented in your Board of Directors?
4. Should you have an Executive Secretary or Director who is not a member of the Board of Directors? Is it really needed? Why is that?
5. What criteria do you want met by the Executive Secretary or Director?

Diagram 2, A Typical Organizational Structure of a *Yayasan*, is provided on the next page.

The organizational structure for *Paguyuban*: If a MARPs CSO chooses to adopt this organization format, it should not differ much from the *Yayasan*'s structure. The difference is usually that in a *Paguyuban* the members of all the organs of the *Paguyuban* will be elected by the members from among the membership. The ultimate decision making power of *Paguyuban* rests with the members' plenary deliberation. A *Paguyuban* may also hire professional staff to run the day to day operation of the organization, including project implementation, when it is deemed necessary.

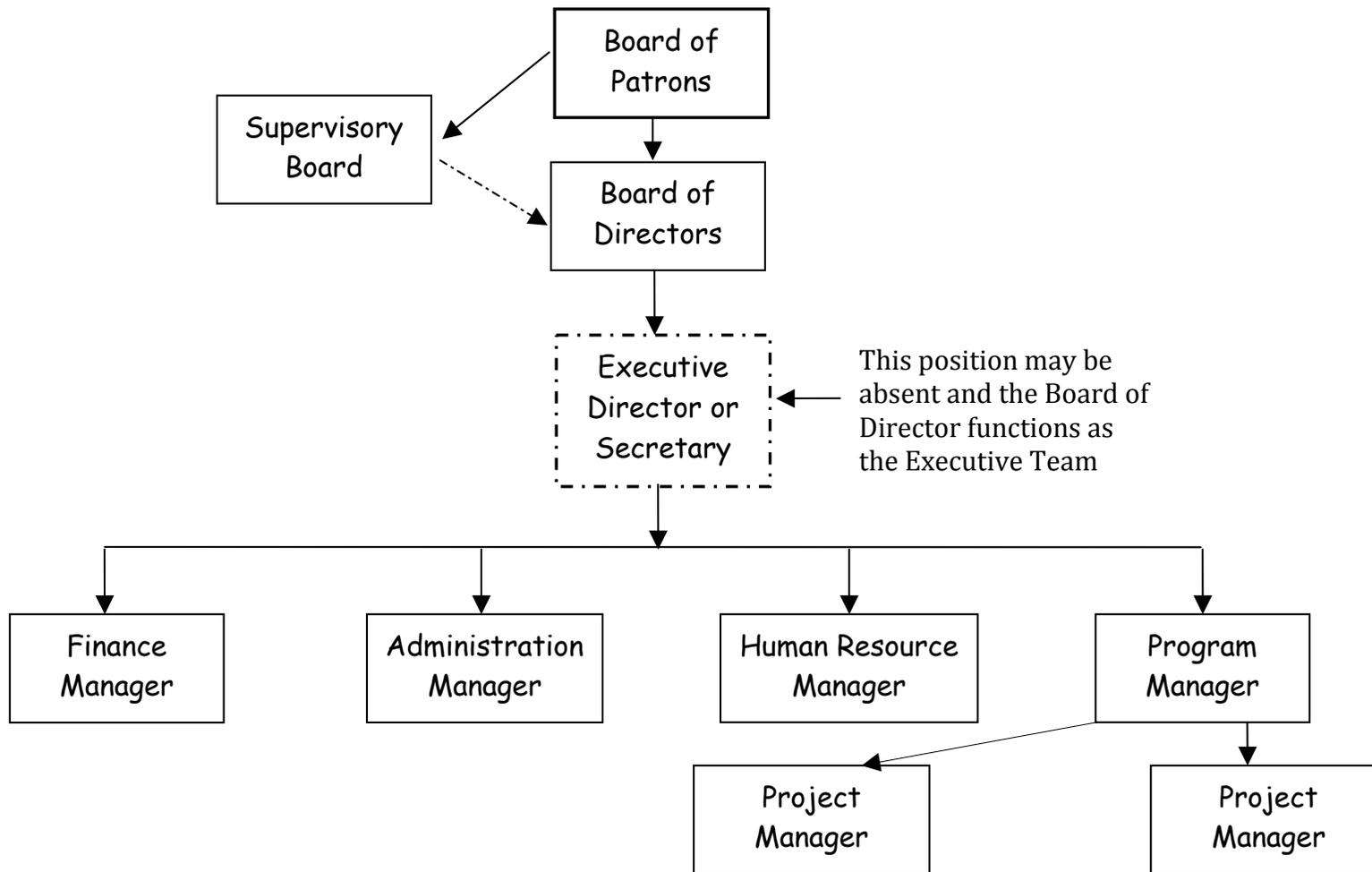


Diagram 2, Typical Organizational Structure of a Yayasan

3. Potential Resources for Non-Profit Organizations

Resources are vital for the survival of any organization, including financial resources. Even if you have excellent, highly committed people to engage in the activities of your organization, not much can be done if you do not also have adequate, stable and reliable financial support. In this section we will focus on discussing financial resources.

If your MARPs CSO is a *Yayasan*, the Rp.10 million initial capital (normally people would choose to just take the minimum limit as the initial capital that they propose for the *Yayasan*) is barely sufficient to pay for your nonprofit operation. Fund raising is therefore a very crucial function for any nonprofit organization. The following outlines what may be potential financial sources for a non-profit MARPs CSO:

- 1) Members routine contribution (only for *paguyuban*)
- 2) Grants from individual donors
- 3) Grants from business Corporate Social Responsibility (CSR) funds
- 4) Grants from foreign government embassies and/or aid agencies (or their projects)
- 5) Grants from international NGOs
- 6) Grants from multi-lateral agencies, including the Global Fund
- 7) Endowment funds
- 8) A CSO's own business income
- 9) Public fundraising, e.g., sponsored charity events

3.1 Members' Routine Contribution (only for Paguyuban)

Members' contribution is only relevant if the format of your CSO is a membership organization, or a *paguyuban*. It must be mentioned here that this scheme requires discipline among the organization members, and thus may also require that the organization issues and reinforces rules and regulations on members' contribution that includes sanctions to those who are delinquent in fulfilling their organizational duty of paying routine contribution.

Since normally the amount of contribution is small, the total amount collected monthly, or whenever, is likely to be minimal and may even be insignificant. However, this is still important to create ownership of the organization among the members.

3.2 Grants from individual donors

Although it is not as common, and even rare, there are indeed wealthy or even not so wealthy individuals who have sympathy with what is done by social or developmental organizations for the good of the general population, and who are willing to give.

If we pay close attention, there are even many people who as a norm can be categorized as poor, and who turn out to be willing to give their small change to street children or beggars on the street or elsewhere. They mostly do this out of their religious belief or faith and conscience.

For those who are small givers, a MARPs CSO might as well start in its own community by appealing to people to give something for the community's cause. It can be anything. It may even encourage those who cannot donate cash to donate their time by becoming a volunteer.

Bigger donations can come from within and outside of the MARP community. Again, start with your own community since it is much easier to identify who has the potential for donating to the organization. It is likely that the wealthy among the MARP community will have friends and relatives who are wealthy too. Persuading the wealthy members of your own community to try and persuade their wealthy friends, colleagues and relatives to donate a small portion of their wealth, either silently or in some charity events, has the very potential of benefiting your CSO financially.

The key is how to identify these individuals and approach them, and how to advocate and persuade them to be part of what the organization does with its noble, beneficial purpose. The other even more important key is that you and your team should be able to present your CSO and its programs in such a way that your target individuals are impressed and become interested to participate. Getting your messages clear requires thoughtful planning and strategizing by your team. And of course, transparency and accountability is key.

3.3 Grants from Corporate Social Responsibility (CSR) Programs

Many of those who are involved in laws related to CSR programs feel that CSR should no longer be interpreted as simply a voluntary responsibility, but should be understood more as mandatory in the sense of a liability that entails sanctions. Capital investment both domestic and foreign should not be allowed to gain profit by sacrificing the interest of others that are related to the business, and they must obey the regulations on CSR as their legal liability when they intend to invest their capital in Indonesia.

In light of the above and the growing number of companies, especially the larger ones, that have CSR programs, CSR should be seen as a high potential financial source for MARPs CSOs. Many companies, however, prefer to only use their CSR funds to serve the communities in the surrounding geographical areas of their operation base, or even to directly assist their employees' community. Others even prefer to establish "their own" *Yayasan*, managed by employees of the company to channel their CSR funds. Further, many companies have their own preferences for the types of program they are willing to donate CSR funds, which is understandable.

As an example, many government-owned companies (BUMN) have their CSR funds used for assisting poor communities in developing small business and entrepreneurship. Education and health are other fields that are favored by many companies for their CSR.

Manufacturing companies that employ large number of laborers may already have their own internal HIV program for their employees. This fact may make them more receptive to being involved in and contribute to other external HIV programs. What they do for their own employees should not necessarily be considered as part of their corporate social responsibility.

In short, for MARPs CSOs the business CSRs is a potential source for funding their operation and programs, but they need to work hard to identify which CSR programs they can approach. One possibility is pharmaceutical companies, especially those that produce HIV-related drugs, including drugs for HIV opportunistic infections.

3.4 Grants from Foreign Government Embassies and Aid Agencies

Grants from foreign government embassies and aid agencies, including their projects, are one of the most common financial or funding sources for nonprofit organizations, even for large national and international nonprofits.

Many foreign government embassies offer funding for small and large projects proposed by nonprofit organizations. The aid funds are either managed directly by the embassy, or through its aid agency, such as USAID, AusAid, CIDA, SIDA, DFID etc.). Agencies like USAID and AusAid, however, tend to channel their aid funds through large projects contracted by large consultant company. These projects may have allocated to be accessed by and sub-granted to many small local NGOs or CSOs. Examples are the SUM Program, which is USAID funded, and IHPCI Project, which is AusAid funded.

Grants that are managed directly by foreign embassies or channeled through their aid agency and made available for local NGOs or CSOs are mostly small, but still large enough for projects commonly implemented by CSOs or local NGOs. Information on these funding opportunities is usually available from their websites.

3.5 Grants from International NGOs

Many international NGOs are not donors, and they are just the same as local NGOs that rely on donor funding. Some, however, often have their own funding sources through public fund raising in their country of origin, as well as grants received from their governments' aid agencies. Some of these international NGOs make these funds from their own fund-raising available as small grants accessible by local NGOs or CSOs. Normally they have determined the types of projects or activities that can be funded using these funds.

Some international NGOs only channel their funds to local NGO/CSOs when they have projects with sub-grant component that are made available to local NGO/CSOs. Such projects are usually funded by a foreign government aid agency. In such cases, the type of project or activity sub-contracted is already tied specific activities in components of the core project.

3.6 Grants from Multi-Lateral Agencies, including the Global Fund

In rare cases, grant funds are also available for local NGOs or CSOs from multi-lateral agencies under the UN, such as UNAIDS, UNFPA, UNICEF, ILO and UNDP. One unique non-UN financial source that mobilizes contributions from many countries – governments, private sectors and foundations – is the GFATM, the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Below is a quote from the Global Fund website:

The Global Fund is a unique global public/private partnership dedicated to attracting and disbursing additional resources to prevent and treat HIV/AIDS, tuberculosis and malaria. This partnership between governments, civil society, the private sector and affected communities represents a new approach to international health financing. The Global Fund works in close collaboration with other bilateral and multilateral organizations to supplement existing efforts dealing with the three diseases.

Indonesia has received Global Fund funding for four rounds – Round 1, Round 4, Round 8 and Round 9. For Rounds 1 and 4, the entire grants were managed by the Ministry of Health as the sole Primary Recipient. In Round 8, two institutions, in addition to the Ministry of Health, were designated Principal Recipients of the fund. They are the National AIDS Commission (NAC) and PKBI for HIV/AIDS. In Round 9, again for HIV/AIDS, the two Principal Recipients, in addition to the Ministry of Health, are the National AIDS Commission and Nahdlatul Ulama (NU). All Principal Recipients are to channel the fund to smaller sub-recipients.

3.7 Endowment Funds

Endowment funds are usually large funds owned by or entrusted to an organization. They are kept in a financial institution savings account to generate interest, or yield. This savings account is one that has zero risk of suffering from a loss. An endowment fund is a good way for an organization to maintain its ability to continue operations, when other funds become unavailable, such as aid agency project funds.

In tapping endowment funds, however, the organization should make sure that its routine expenses do not go beyond the income generated by the endowment fund. Unfortunately, it is rare that a sizable amount of money for an endowment fund comes into an organization's possession, unless someone is generous enough to donate such funds.

3.8 CSO's Own Business Income

Indeed, many organizations aspire or dream to become self-sustaining or self-sufficient by generating its own income through a profitable business venture. In reality, few organizations manage to successfully launch a business venture, such as publishing books, running a printing house, and so on. For the CSO that has built a solid reputation there may be opportunities to sell its expertise by providing consultancy services that generate additional income for the organization.

The risk with any of these ventures is that the organization may get diverted from its original purpose and become merely a vehicle for staff to generate their own income.

3.9 Public Fundraising through Sponsored Charity Events

Public fundraising through sponsored charity events is one of the more popular modes for many organizations to raise funds. The events can vary from a charity bazaar, festival or 5 kilometer run. Because the bazaar, festival or run can potentially draw the attention of a big crowd, it becomes a good opportunity to attract sponsors. Without the support of sponsors, the funds generated by the event itself are likely to be minimal. Nevertheless, such events benefit the organization by giving the organization, its programs and achievement visibility with great numbers of people.

Questions for the CSO

In reading section 3, Potential Resources for Non-Profit Organizations:

1. What external financial resources might offer the best potential for your organization?
2. What steps should you take to begin planning for or reaching out to these potential sources of funds?



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