ASSESSMENT REPORT
CIVIL SOCIETY ORGANIZATIONS IN INDONESIA

July 2018
ASSESSMENT REPORT:
CIVIL SOCIETY ORGANIZATIONS IN
INDONESIA

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Indonesia Monitoring & Evaluation Support Project

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The assessment team would like to thank everyone who offered their opinions and talked about their experiences interacting with CSOs and working on CSO development in Indonesia. In particular, we offer sincere thanks to the USAID/Indonesia Governance, Rights and Resilience Team, especially Luthfi Ashari and Frank Feulner, who provided valuable guidance, support, and feedback to the Team.

Finally, our appreciation goes to the many Indonesian CSOs, USAID’s implementing partners, and government officials who gave their time and provided the insights that form the basis for much of this assessment report.
ACRONYMS

AD/ART  Anggaran Dasar/Anggaran Rumah Tangga (Articles of Association)
AIDP  Aliansi Demokrasi untuk Papua (Democratic Alliance for Papua)
AIPD  Australia Indonesia Partnership for Decentralisation
Aji Nasional  Aliansi Jurnalis Independen Nasional (National Independent Journalists)
AMAN  Aliansi Masyarakat Adat Nusantara (National Customary People Alliance)
AMPPY  Aliansi Masyarakat Peduli Pendidikan Yogyakarta (Alliance of Community Cares for Education-Yogyakarta)
ANBTI  Aliansi Nasional Bhinneka Tunggal Ika (National Bhinneka Tunggal Ika Alliance)
ABPD  Anggaran Pendapatan dan Belanja Daerah (Local Government Budget)
APBN  Anggaran Pendapatan dan Belanja Negara (State Budget)
ARV  Antiretroviral
BaKTI  Bursa Pengetahuan Kawasan Timur Indonesia (Knowledge Exchange for Southern Indonesia)
Bappeda  Badan Perencanaan dan Pembangunan Daerah (Local Planning and Development Agency)
BIGS  Bandung Institute of Governance Studies
CEDS UNPAD  Center for Economics and Development Studies of Padjajaran University
CHEPS UI  Center for Health Economics and Policy Studies of Indonesia University
C-SAVE  Civil Society Against Violent Extremism
CSO  Civil Society Organization
CSR  Corporate Social Responsibility
DFAT  Department of Foreign Affairs and Trade (Australia)
DJPK  Direktorat Jendral Perimbangan Keuangan Kementrian Keuangan (Directorate General of Fiscal Balance at Ministry of Finance)
DPDTT  Desa Pembangunan Daerah Tertinggal dan Transmigrasi (Ministry of Village, Underdeveloped Regions and Transmigration)
DPRD  Dewan Perwakilan Rakyat Daerah Kabupaten (People’s Representative Council)
FIELD  Farmer Initiatives for Ecological Livelihood and Democracy
FITRA  Forum Indonesia untuk Transparansi Anggaran (Indonesian Forum for Budget Transparency)
FKKKM  Forum Komunikasi Kehutanan Masyarakat (Communication Forum of Forest Communities)
FKPPA  Forum komunikasi Para Pimpinan Agama (Communication Forum of Religious Leaders)
FoFI  Friends of the Earth International
FSGI  Federasi Serikat Guru Indonesia (Federation of Indonesian Teachers Union)
FKUB Yogyakarta  Forum Kerukunan Umat Beragama Yogyakarta (Religious Harmony Forum – Yogyakarta)
GIZ  Gesellschaft für Internationale Zusammenarbeit
GMIT  Gereja Masehi Injil di Timor (Christian Evangelical Church in Timor)
GRR  Governance, Rights and Resilience Office, USAID/Indonesia
IAC  Indonesia AIDS Coalition
IBEKA  Institut Bisnis dan Ekonomi Kerakyatan (Business and Populist Economy Institute)
ICAN  International Climate Change Action Network
ICEL  Indonesian Center for Environmental Law
ICRS  Indonesian Consortium for Religious Studies
ICW  Indonesia Corruption Watch
IDR  Indonesian Rupiah
IIEF  Indonesian International Education Foundation
IM  Indonesia Mengajar (Indonesia Teaches)
IRE  Institute for Research and Empowerment
Ilalang  Institut Toleransi Keberagaman dan Pelestarian Lingkungan (Institute of Religious Tolerance and Environmental Preservation)
IPPM  Institut Pendidikan & Pembinaan Manajemen (Institute of Education and Management Empowerment)
JPPI  Jaringan Pemantau Pendidikan Indonesia (Indonesian Education Monitoring Network)
KADIN  Kamar Dagang dan Industri (Indonesian Chamber of Commerce and Industry)
KII  Key Informant Interview
KKP  Kementerian Kelautan dan Perikanan (Ministry of Marine Affairs and Fisheries)
KPK  Komisi Pemberantasan Korupsi (Corruption Eradication Commission)
KPI  Koalisi Perempuan Indonesia (Indonesian Women’s Coalition)
Lakpesdam NU  Lembaga Kajian dan Pengembangan Sumber Daya Manusia Nahdhatul Ulama (Institute of Human Resources Research and Development of Nahdhatul Ulama)
LEKAT  Lembaga Pengkajian dan Penguatan Kapasitas (Institute of Capacity Research and Development)
LKPP  National Public Procurement Agency
LKIS  Lembaga Kajian Islam dan Sosial (Institute of Islam and Social Research)
LPEM UI  Lembaga Penelitian Ekonomi dan Masyarakat Universitas Indonesia (Institute of Economic Inquiry and Community – Indonesia University)
LG  Local Government
LGBT  Lesbian, Gay, Bisexual, and Transgender
MESP  Monitoring and Evaluation Support Project
Musrenbang  Musyawarah Rencana Pembangunan (Development Planning Meetings)
NGO  Non-governmental Organization
NTT  Nusa Tenggara Timur (East Nusa Tenggara)
OECD  Organization for Economic Cooperation and Development
Pattiro  Pusat Telah dan Informasi Regional (Center of Regional Research and Information)
PKBI  Perkumpulan Keluarga Berencana Indonesia (Indonesia Family Planning Association)
PKMK UGM  Pusat Kebijakan dan Manajemen Kesehatan Universitas Gajah Mada (Center of Health Policy and Management - Gajah Mada University)
Pokja Desa  Kelompok Kerja Desa (Village Working Group)
PR  Presidential Regulation
RAPBS  School Revenue and Expenditure Plan
PUSAD Paramadina  Pusat Studi Agama dan Demokrasi Paramadina (Paramadina Religious and Democracy Research Center)
RPJMN  Rencana Pembangunan Jangka Menengah Nasional (National Medium-Term Development Plan)
RPJMD  Rencana Pembangunan Jangka Menengah Daerah (Local Medium-Term Development Plan)
RMI  Rimbawan Muda Indonesia (Indonesia Young Forester)
RSPO  Roundtable on Sustainable Palm Oil
SABH  Sistem Administrasi Badan Hukum (Legal Entities Administration System)
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>SAPA</td>
<td>Sentra Advokasi Perempuan &amp; Anak (Children and Women Advocacy Center)</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goal</td>
</tr>
<tr>
<td>SID</td>
<td>Sistem Informasi Desa (Village Information System)</td>
</tr>
<tr>
<td>SILPA</td>
<td>Sisa Lebih Pembiayaan Anggaran Tahun Berkenaan (Budget Surplus)</td>
</tr>
<tr>
<td>SKT</td>
<td>Surat Keterangan Terdaftar (Registration certificate)</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
</tr>
<tr>
<td>SOW</td>
<td>Statement of Work</td>
</tr>
<tr>
<td>SPM</td>
<td>Standar Pelayanan Minimal (Minimum Public Service Standards)</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>Yayasan Kehati</td>
<td>Yayasan Keanekaragaman Hayati Indonesia (Indonesian Biodiversity Foundation)</td>
</tr>
<tr>
<td>YHI</td>
<td>Yayasan Harapan Ibu (Harapan Ibu Foundation)</td>
</tr>
<tr>
<td>YKPM</td>
<td>Yayasan Pengkajian dan Pemberdayaan Masyarakat (Community Development Foundation)</td>
</tr>
<tr>
<td>YSS</td>
<td>Yayasan Sosial Soegyopranoto (Social Foundation of Soegyopranoto)</td>
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EXECUTIVE SUMMARY

The purpose of this assessment is to inform future United States Agency for International Development (USAID) programming in Indonesia related to civil society organizations (CSOs), under the Mission’s Country Development Cooperative Strategy (CDCS). The assessment identifies key CSO-relevant areas in which USAID might pursue further governance integration. In addition, assessment findings and recommendations will help the Mission’s Office of Governance, Rights and Resilience (GRR) to: (1) Understand the space in which Indonesian CSOs operate; (2) Gauge the government’s and people’s perceptions of CSOs; (3) Understand the condition, status, and capacities (strengths and weaknesses) of CSOs; and (4) Understand the state of CSO sustainability and relevant enabling or hindering factors.

The assessment covers the following six questions. Each question is discussed in this report as a separate chapter that analyzes assessment results from qualitative data collected from key informant interviews and relevant reports.

1. What are the profile and typology of Indonesian CSOs?
2. What are the strengths, limitations, and opportunities of Indonesian CSOs, including related to supporting achievement of Government of Indonesia (GOI) and USAID priority objectives, engaging effectively with government and donors, and building and sustaining internal capacity?
3. What is the operating environment for Indonesian CSOs?
4. What is the impact of decentralization on CSOs?
5. What are the perceptions of CSOs among the government, private sector, and citizens?
6. What is the status of CSO sustainability? What are the enabling and hindering factors?

CSOs in Indonesia take on various organizational forms, and have a variety of focus areas or issues, activities and interests. There is no clear CSO’s classification system from the government to provide a useful basis for CSO typologies in Indonesia. Many CSOs in Indonesia have overlapping functions, approaches, areas of (sector) focus, and scopes. Therefore, this assessment classifies CSOs based as either membership or non-membership organizations.

Non-membership based organizations are the predominant type of CSO in Indonesia, based on their numbers at both national and sub-national levels. Regarding issues, Indonesia CSOs work across the full range of policy and social welfare issues, with many organizations addressing several issues at any given time. Some CSOs are demand-driven and/or generalist in nature. In terms of functions, Indonesian CSOs perform one or a combination of four core functions on behalf of their constituents or members: advocacy, service provision, community mobilization and empowerment, and research.

Due to the wide range of organizational forms and lack of a classification system, parties that plan to work with Indonesian CSOs should conduct a mapping of potential partner organizations in order to differentiate them and determine which CSOs they can and should work with. Hence, a unified and reliable CSO database and classification in Indonesia would benefit stakeholders interested to work with Indonesia CSOs. Currently the Ministry of Home Affairs is developing an Information System for Indonesia CSOs called SIORMAS (Sistem Informasi Organisasi Kemasyarakatan/CSO Information System) to house such data. The information system will be maintained by the Ministry and each Office
of National Unity, Politics and Public Defense at the district, city and provincial levels will input and maintain data from respective CSOs registered in their jurisdictions. The Ministry also plans to integrate this system with CSO databases registered in other Ministries, such as the Ministry of Law and Human Rights and Ministry of Foreign Affairs.

FINDINGS AND CONCLUSIONS

Indonesian law provides a solid foundation and generally unfettered environment in which CSOs can operate – from legal status, to freedom to form partnerships, to allowing funding availability and eligibility. Overall, this operating environment is significantly more conducive than in previous years. CSOs in Indonesia are regulated under Law No. 17/2013 on Societal Organizations. The law stipulates that CSOs in Indonesia can operate with or without having legal entity. In July 2017, the Government of Indonesia (GOI) issued a regulation in lieu of law (Perppu) No. 2/2017, which removed judicial safeguards over the process of banning CSOs and other societal organizations if those organizations are considered to pose a threat to Pancasila or the Constitution. However, few CSOs are aware of the risk this Perppu poses to their existence. Several regulations allow CSOs to access government funding at national and local levels through a limited number of schemes. Conversely, a public procurement regulation issued in March 2018 has widened access, allowing CSOs to bid for government contracts.

Decentralization has created opportunities for CSOs to work at the provincial, district, and village levels. They operate both as watchdogs to provide pressure for local policy change and as consultants working inside the bureaucracies of local governments. Since the implementation of decentralization nearly 20 years ago, there has been an increased openness among local governments to working with CSOs, and more opportunities for CSOs to work on sector programs. CSO work executed in collaboration with district and village governments most frequently falls under the categories of capacity building, technical assistance, and impact assessment. While most key informants for this assessment confirm increased collaboration between CSOs with government at provincial, district and village levels, there have been no reliable data to show the distribution of CSOs across Indonesia, which would be very useful in mapping CSOs and their main beneficiary groups by location.

Decentralization in Indonesia has also led to a proliferation of locally based organizations across the country, and to CSOs shifting their focus significantly to local governance and service delivery issues and functions. This shift has taken place in response to the many policies that have been enacted, and to the associated changes in donor program portfolios, which have sought to support implementation of decentralization. Overall, decentralization has had a positive, empowering impact on civil society in Indonesia. This impact has increased even more with the enactment of the Village Law of 2014. Since enactment of the law, CSOs have been supporting villages in capacity building for village officials, awareness raising and education on the Village Law itself, and impact assessments of the law’s implementation in different sectors. However, the limited number of Indonesian CSOs cannot reach all 74,000 villages to address the complexity of issues facing each one of them.

On the organizational front, common challenges that CSOs face in Indonesia include limited funding, inefficient organizational management, lack of technical expertise, dependence on individual charismatic leaders, low accountability, and weak financial management. In particular, one common organizational challenge is in the area of human resources management, where CSOs have difficulty attracting, hiring, and retaining qualified personnel. This being the case, Indonesian CSOs need support to improve their
management capacity and technical expertise, diversify their funding sources, and increase funding for operational costs to make themselves into more effective organizations.

The lack of internal strength among CSOs is in some cases compensated by strong networks among these organizations. Sharing of information across CSOs is intensive; however, only relatively few CSOs with effective management practices and good technical expertise can utilize these networks optimally. To encourage collaboration among CSOs and expand their outreach and coalition opportunities, donors and CSOs should work together to develop a network system for sharing information, capacity building tools, and best practices. CSOs at the district and village levels, which are more physically removed from fellow organizations, would particularly benefit from such networks.

The overall perceptions of CSOs from governments, private sector, media and the public show that CSOs are strong in advocating on issues and mobilizing communities, but that many CSOs still lack management and technical skills. In general, government perceptions of CSOs are positive. Most government counterparts working in the Executive branch at national and local levels believe CSOs have a high level of commitment in implementing their programs and in helping government to ensure civil society participation in Indonesia’s development agenda. CSOs are also viewed as available to work around the clock and as having deep penetration at the grassroots level. On the other hand, government stakeholders are concerned that CSOs have their own agendas and often bypass bureaucratic procedures and create confusion in the field. There is a view among assessment informants from the private sector that many CSOs have negative perceptions of private companies, and this suspicion can influence decisions about collaboration.

Most stakeholders believe there are specific, useful roles that CSOs can and should play in order to enhance Indonesia’s development and governance. These perceptions represent a major shift in society’s viewpoint compared to 20 years ago. At the same time, CSO weaknesses perceived by external groups mirror those identified by the CSOs themselves, including low technical and management capacities.

This assessment found several factors that contribute to CSO sustainability: legal environment, public perceptions, organizational capacity, and financial viability. However, CSOs face significant challenges in reaching a level that could be considered sustainable. Drawing lessons from organizations that have a long history of solid operations and financial stability at the national and sub-national levels, there are at least eight important factors that influence the sustainability prospects of an Indonesian CSO: (1) start-up assets and investment strategy; (2) leadership; (3) positioning vis-à-vis other CSOs; (4) continuous and diverse funding sources; (5) human resources management; (6) accountability and integrity; (7) financial stability; and (8) strong and broad networks. Achieving sustainability remains the overarching challenge for nearly all CSOs in Indonesia. This challenge is tied to funding, management, human resources, and the ability to adapt. Some CSOs have been able to sustain effective operations while remaining true to their missions, but these are more examples than models, given the unique nature and conditions of each organization, its operating context, and the wide variety of CSOs with different objectives spread across Indonesia’s geographic and policy landscape.

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1 Positioning is a useful tool for a CSO to help differentiate itself in the marketplace to stand out and gain trust from stakeholders. Since sustainability is a common issue for CSOs at local and national levels, this assessment does not differentiate positioning of CSOs at national and local levels.
RECOMMENDATIONS

Based on the above findings and conclusions, the assessment recommends the following priority measures be taken by Indonesian CSOs and those stakeholders who seek to support such organizations:

- The GOI in collaboration with one or more CSOs, and/or international donors should support development of a comprehensive, reliable CSO database in Indonesia, with a clear classification system. This database should be open for all to use — government and civil society alike.

- Government, donors, and CSOs themselves should take steps to increase the capacity of Indonesian CSOs in areas such as technical skills, financial management and accountability, fundraising, human resources management, monitoring evaluation, program design and strategic communications.

- CSOs and support initiatives should support relationship building among CSOs, and between CSOs and constituents, donors, governments, private sector, and media. In particular, relevant actors should encourage strategic partnerships among civil society, private sector, and government.

- CSOs should explore ways to diversify their resource bases. While the use of donor funding can be effective and can align with achievement of an organization’s mission, such funding is uncertain and often difficult to obtain through competitive processes. CSOs should explore the feasibility of domestic funding – public or private – and take appropriate steps within their organizations.

- Government and donors should then assist CSOs to diversify their resource bases. Specifically, the GOI should put in place incentives to encourage funding for CSOs from philanthropic organizations, private corporations, and the general public.

- The private sector should adopt or follow established procedures to link their CSR or social investment efforts to aid effectiveness standards, and to actively engage national and local CSOs in their program implementation.
I. BACKGROUND

The United States Agency for International Development (USAID) has supported Indonesian civil society organizations (CSOs) over the past two decades. Most recently, the 2014-2018 USAID Indonesia Country Development Cooperation Strategy (CDCS) included intermediate results to enhance civic participation through increased CSO capacity, and to improve the enabling environment in which CSOs operate. Over the years, USAID’s Mission in Indonesia has provided grants to CSOs to support work on development challenges in the areas of democratic governance, education, environment, health, and others. These grants have been supplemented by mentoring to improve CSO management, accountability, and sustainability. In light of USAID’s continued commitment to support Indonesian CSOs, the Mission has commissioned this Civil Society Assessment to inform the development of the new CDCS for 2019-2023.

This assessment uses the term “civil society organization” to include all types of nongovernmental organizations (NGOs) in which people organize themselves to pursue shared interests in the public domain. Examples include community-based organizations and village associations, environmental groups, women’s rights groups, farmers’ associations, faith-based organizations, labor unions, co-operatives, professional associations, and independent research institutes.

According to Indonesia’s State Secretariat, as of October 2017 there were a total of 344,039 CSOs in Indonesia registered with the Ministry of Home Affairs (MOHA), provinces and districts, with the Ministry of Law and Human Rights (MOLHR), and Ministry of Foreign Affairs. These organizations have played a major role in promoting community-based development in areas such as education, health, environment, small business development, legal aid, women’s rights and gender equality, civil and political freedoms, and democratic governance. CSOs in Indonesia are regulated under Law No. 17 of 2013 on Societal Organizations (Organisasi Kemasyarakatan), also known as the Ormas Law, which replaced the 1985 Law No. 8 on Societal Organizations. The Ormas Law defines CSOs as “all organizations founded and formed by the society voluntarily on the basis of shared aspiration, will, needs, interest, activity and purposes in order to participate in the development with the intention to achieve the objective of the Unitary State of the Republic of Indonesia based on the Pancasila” (Article 1).

### TABLE 1 – NUMBER OF CSOS BASED ON GOVERNMENT DATABASES

<table>
<thead>
<tr>
<th>No</th>
<th>Database</th>
<th>Number of CSOs</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ministry of Law and Human Rights</td>
<td>321,482</td>
<td>Yayasan and Perkumpulan</td>
</tr>
<tr>
<td>2</td>
<td>Ministry of Home Affairs</td>
<td>370</td>
<td>No legal identity but registered in the Ministry</td>
</tr>
<tr>
<td>3</td>
<td>Ministry of Foreign Affairs</td>
<td>71</td>
<td>Foreign CSOs</td>
</tr>
<tr>
<td>4</td>
<td>Provinces</td>
<td>7,226</td>
<td>No legal identity but registered at Kesbang* province level</td>
</tr>
<tr>
<td>5</td>
<td>Kabupaten/Kota</td>
<td>14,890</td>
<td>No legal identity but registered at Kesbang at municipal and/or district levels</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>344,039</td>
<td></td>
</tr>
</tbody>
</table>

Source: Sekretariat Kabinet, 2017


During the period of the authoritarian New Order government (1967-1998), CSOs worked under repressive conditions. A small number of NGOs actively opposed the regime, but most attempted to cooperate with the government to avoid negative impacts on their programs. Since the fall of the New

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2 [http://setkab.go.id/en/344039-mass-organizations-registered-home-affairs-ministry/]
Order and the onset of the Reformasi Era in 1998, there have been two important periods in civil society development in Indonesia. In the first period, from 1998-2004, CSOs used their new political freedoms to demand representation and participation in policymaking. During this time, NGOs, labor unions, student groups, and women’s organizations strongly criticized some government policies and also demanded to be heard and included in the policymaking process. In response, legislation and government policies were amended to include CSOs in the law-making process. Although the road was not smooth, CSOs succeeded in influencing many policies and laws through this approach.

During the second period, from 2004 to the present, civil society actors have more actively and routinely engaged with legislatures and governments. This more active engagement was triggered in 2004-2005 during the country’s first direct elections of governors, mayors, and district heads. Many CSO leaders participated in those contests, and those who won seats or joined political parties became part of establishment circles and helped to smooth the relationship between CSOs and government. In July 2017, the administration of President Joko Widodo (Jokowi) issued a Presidential Decree No 59/2017 to implement government programs to enable Indonesia to achieve the Sustainable Development Goals (SDGs), and one requirement is to involve civil society in government planning.

ASSESSMENT PURPOSE

The purpose of this assessment is to inform USAID’s CSO-related programming as a cross-sectoral initiative under the Mission’s CDCS3 (the full Statement of Work for the assessment is included as Annex III). The assessment identifies key CSO-relevant areas in which USAID might pursue further governance integration. In addition, assessment findings and recommendations will help the Mission’s Office of Governance, Rights and Resilience to:

- Understand the space in which Indonesian CSOs operate.
- Gauge the government’s and people’s perceptions of CSOs.
- Understand the condition, status, and capacities (strengths and weaknesses) of CSOs.
- Understand the state of CSO sustainability and relevant enabling or hindering factors.

ASSESSMENT QUESTIONS

To accomplish the objectives detailed above, this assessment answers the following core questions:

1. What are the profile and typology of Indonesian CSOs? (E.g., representative or advocacy organizations and coalitions, mass organizations, professional associations, media, policy and academic research institutions, et al.)

2. What are the strengths, limitations, and opportunities of Indonesian CSOs, including related to supporting achievement of GOI and USAID priority objectives, engaging effectively with government and donors, and building and sustaining internal capacity?

3. What is the operating environment for Indonesian CSOs? (E.g., legal framework such as the Ormas Law; willingness of public and private sector entities to work with CSOs; threats and limitations to operations; et al.)

4. What is the impact of decentralization on CSOs?

3 https://www.usaid.gov/indonesia/cdcs
5. What are the perceptions of CSOs among the government, private sector, and citizens?

6. What is the status of CSO sustainability? What are the enabling and hindering factors?

DATA AND ANALYSIS

This assessment examined both primary and secondary data. Primary data was collected from interviews with key informants and resource persons around Indonesia (see Annex I), and interviews were conducted using semi-structured questionnaires (Annex II). Secondary data came from existing literature including research, assessments, laws, and regulations. Specifically, for Question 1 (profile and typology of Indonesian CSOs) the assessment team used data from the list of NGOs from the SMERU Research Institute (2018). The team found the SMERU database to be the most comprehensive one for national and regional NGOs. Currently, there are almost 3,000 NGOs in the database, which provides the name, address, contact person, vision, mission, legal form, activities, and sector for each organization. It includes NGOs located in Jakarta as well as other provinces. Further, the database is updated on a regular basis.

The assessment team selected CSOs to be interviewed using a purposive sampling method with the following criteria:

1. Balance between Jakarta-based and regional CSOs
2. Balance across regions
3. Diversity of sectors
4. Diversity of scale and size
5. Diversity in length of operation

Using these criteria, the assessment team selected 56 CSOs representative of the civil society sector in Indonesia (see Annex I: list of interviewed CSOs). CSOs selected are located in Jakarta, Bogor, Bandung, Yogyakarta, Makassar, Maros, and Jayapura.

The 56 CSOs represent various thematic areas and sectors. Democracy, human rights, and governance, including anti-corruption and transparency, were represented by Pusat Telaah dan Informasi Regional (Pattiro), Indonesia Corruption Watch (ICW), Forum Indonesia untuk Transparansi Anggaran (FITRA), and Aliansi Demokrasi untuk Papua (AIDP). For the health sector, the CSOs selected were Center for Health Economics and Policy Studies, Faculty of Public Health, University of Indonesia (CHEPS FKM UI), Indonesian AIDS Coalition (IAC), and Pusat Kebijakan dan Manajemen Kesehatan Universitas Gajah Mada (PKMK UGM), as well as Perkumpulan Keluarga Berencana Indonesia (PKBI), Jaringan Pemantau Pendidikan Indonesia (JPP), and Federasi Serikat Guru Indonesia (FSGI). The education sector was represented by Indonesia Mengajar (IM) and the Indonesian International Education Foundation (IIEF). In the environment sector, there CSOs selected were Farmer Initiatives for Ecological Livelihood and Democracy (FIELD), Indonesian Center for Environmental Law (ICEL), Rimbawan Muda Indonesia (RMI Bogor), and Forum Komunikasi Kehutanan Masyarakat (FKKM).

In addition, the assessment identified further thematic areas in which CSOs work and engage in advocacy. These CSOs and their areas of focus include: (i) Aliansi Nasional Bhinneka Tunggal Ika (ANBTI), Asian Muslim Action Network, Pusat Studi Agama dan Demokrasi (PUSAD Paramadina), the Wahid Foundation, Civil Society Against Violent Extremism (C-Save), Indonesian Consortium for Religious
Studies (ICRS), and *Institut Toleransi Keberagaman dan Pelestarian Lingkungan* (Ilalang) on religious pluralism and countering violent extremism; (ii) *Koalisi Perempuan Indonesia* (KPI), *Sentra Advokasi Perempuan dan Anak* (SAPA Institute), and *Yayasan Harapan Ibu* (YHI) in Papua on women empowerment; (iii) university think tanks, such as *Lembaga Penyelidikan Ekonomi dan Masyarakat Universitas Indonesia* (LPEM UI), *Center for Economic and Development Studies* Universitas Padjajaran (CEDS Padjajaran University), and CHEPS FKM UI on social and economic issues; and iv) *Institut Bisnis dan Ekonomi Kerakyatan* (IBEKA), *Lembaga Kajian dan Pengembangan Sumber Daya Manusia Nadhatul Ulama* (Lakpesdam NU), *Yayasan Pengkajian dan Pemberdayaan Masyarakat* (YKPM), and *Institut Pendidikan dan Pembinaan Manajemen* (IPPM) that work on community development issues. This assessment also looked at CSOs that do not have a legal entity, such as *Aliansi Masyarakat Peduli Pendidikan Yogyakarta* (AMPPY), *Forum Kerukunan Umat Beragama* (FKUB Yogyakarta), and *FKPPA* in Papua.

The 56 CSOs also are representative of the work and operations of CSOs in Indonesia generally, including scale, size and how long they have been in existence. For example, PKBI and KPI represent national CSOs that have a structure with branches at the local level. On the other hand, AMPPY Yogyakarta, YHI, and Ilalang are local CSOs that focus on local issues. As for the age of CSOs, the assessment found a wide spectrum, with PKBI and Bina Swadaya among the oldest (around 50 years of existence) and CSave and *Lembaga Pengkajian dan Penguatan Kapasitas* (LEKAT) among the youngest (having been founded around a year ago).

For data analysis, the team used a qualitative method to review all collected data, with the key informant interviews (KIIs) serving as the primary source of information.

Oral informed consent was given by key informants from the 56 CSOs. All information provided by the informants could be used to answers the research questions. Specific CSOs are identified as needed in the report.

**LIMITATIONS**

The assessment team faced challenges in accessing the CSO databases of MOHA and MOLHR. Therefore, the assessment is limited in terms of providing a precise number of CSOs for each typology. The assessment also was not designed to comprehensively map CSOs in Indonesia; instead it provides insights about the profiles and types of CSOs, their institutional capacity and performance, legal framework, impact on CSOs from decentralization, and sustainability. It also addresses perceptions of CSOs among external stakeholders.

This assessment is not meant to serve as academic research. Moreover, the assessment team acknowledges the complexity of the issues and regulations pertaining to non-profit, social, and community institutions in Indonesia. For this assessment, the discussion of the relevant legal framework focuses on Law No.17/2013 on Civil Organizations and its related regulations.

**II. ASSESSMENT FINDINGS**

**I. INSTITUTIONAL PROFILE AND TYPOLOGY: CSO SELF-DESCRIPTIONS AND ROLES**
The section discusses a common typology of Indonesian CSOs and their profiles by looking at the types of activities they undertake, the issues they address, their main functions and roles, and their modes of engagement with stakeholders and target populations. The team used descriptions of CSO typologies and profiles provided by CSO informants, which were then cross-referenced with relevant studies.

1.1 PROFILE AND TYPOLOGY OF INDONESIAN CSOS

The profile and typology of civil society in Indonesia cannot be described precisely because CSOs take various organizational forms and work in a variety of areas and on a variety of issues. Some CSOs are alliances or networks comprising individuals and organizations representing different stakeholders. Another form of CSO is mass organizations with hundreds or even millions of members spread across Indonesia. Some CSOs are think tanks working on social development issues such as poverty reduction. Others are labor unions or professional associations that advocate for solutions to the social or business-related problems of their members. In addition, there are university-based and independent research institutes.

CSOs in Indonesia engage a wide variety of sectoral issues including governance, health, education, economic growth, countering violent extremism, labor rights, women’s empowerment, and decentralization. Some organizations are champions and are well-known as being active on particular issues; others are just learning and trying to become viable in their chosen fields. In all cases, these organizations serve a variety of functions, from advocates and community organizers, to endorsers, facilitators, and researchers.

Due to the wide variety of Indonesian CSOs, the complexity of their profiles, and the lack of a clear classification system from the government to provide a useful basis for organizational typologies, the assessment team choose to classify and map the diversity of CSOs based on membership — either membership or non-membership based. Membership is an important parameter because it influences the structure and organizational mechanism, services and products, modes of engagement, and other aspects of CSO activity. Moreover, membership provides a clear distinction — CSOs are either membership or non-membership based, with no in-between option. Based on SMERU data, from a sample of 2,527 organizations, the majority of CSOs fell into the non-membership category (88 percent), with only a small proportion in the membership category (12 percent).
This approach is aligned with Law No 17/2013 on Societal Organization (Ormas Law), which allows CSOs on a membership and non-membership basis. As a reference, a survey conducted by a Local Assessment Team facilitated by Indonesian Financial Transaction Reports and Analysis Centre (PPATK) also summarized CSOs in Indonesia based on membership and non-membership, as shown in Table 2 below.

### Table 2 – Non-Membership and Membership-Based CSOs

<table>
<thead>
<tr>
<th>Non-Membership Based CSOs</th>
<th>Membership-Based CSOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSOs with non-membership base are typically foundations (yayasan)</td>
<td>CSOs with membership base generally are associations (perkumpulan)</td>
</tr>
</tbody>
</table>

### Non-Membership-Based CSOs

This category comprises various types of CSOs, each with its own characteristics, orientations, and goals.

1. **Issue-based organizations.** Most CSOs work on specific issues, such as grassroots community development, policy advocacy, environmental management, civil society strengthening, governance, and other areas that support the self-reliance of communities. The primary mechanisms these organizations use to achieve these goals are policy advocacy (including community awareness and mobilization) and service provision (including community awareness and mobilization).
development and research). Issue-based CSOs may use one or both of these mechanisms in the course of their work.

Most issue-based organizations are legally registered as foundations (yayasan). They can be national, sub-national, or a combination of the two — e.g., with headquarters in Jakarta and branches, affiliates, or programs in other provinces. Advocacy and service provision CSOs that focus on specific issues include organizations such as the Bandung Institute of Governance Studies (BIGS), C-Save, and Gemawan. This type of CSO also includes grant-making organizations (foundations) such as Dana Mitra Lingkungan and Yayasan Keanekaragaman Hayati (Kehati), which fund local organizations working on environment and natural resources management issues.

2. **Charity organizations.** Charity organizations, such as Dompet Dhuafa or Humanity Funds from the Kompas newspaper, provide aid to communities, families, and individuals in need, as well as to particular vulnerable social groups. They are generally national CSOs, but they work directly with target beneficiaries or through more local-level CSOs and social organizations. Much of their work is funded through charitable donations they solicit from individuals and organizations. For example, through October 2014, Dompet Dhuafa had collected IDR 195 billion, and the organization expects this total to increase annually by 10-15 percent. Charity organizations work in a variety of sectors, and their modes of engagement are primarily service provision and community empowerment, often through a participatory approach.

3. **Quasi-governmental organizations.** This type of organization was established under the New Order regime to implement selected development programs — primarily community empowerment and service provision at the village level. Perkumpulan Kesejahteraan Keluarga and Lembaga Ketahanan Masyarakat Desa are examples of this type of CSO. This type of CSO exists in almost every village of Indonesia.

4. **Social welfare organizations.** This type of work and legal status of these organizations are based on the Acts on Social Welfare Activity No.6/1974 (recently updated as Acts on Social Welfare No 11/2009). Social organizations, in general, conduct activities focusing on social welfare according to the regulation enacted by the Ministry of Social Affairs. They work with a variety of groups on various social welfare problems including neglected children, people with disabilities, senior citizens, beggars, street children, ex-prisoners, and so forth. These organizations focus their activities on social services for marginalized groups, providing aid, medical assistance, and social rehabilitation. Social organizations are formed as foundations or other organizations established by citizens in the social welfare sector. Dewan Nasional untuk Kesejahteraan Sosial (DNIKS), Badan Koordinasi Kegiatan Kesejahteraan Sosial (BK3S) and Yayasan Amal Mulia Indonesia are examples of this type of organization.

5. **Semi-business organizations.** These organizations are established by private or state-owned enterprises, either to make social investments and conduct corporate social responsibility (CSR) activities, or to work more generally as CSOs providing services. Foundations such as Yayasan Mitra Mandiri and Yayasan Dana Bhakti Astra are examples of this type of CSO.

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5 Berita Satu, 23 Desember 2014.
MEMBERSHIP-BASED CSOS

Membership-based CSOs – often mass organizations, associations, professional association unions, trade unions or networks – primarily serve the interests and needs of their members. However, these organizations simultaneously provide services to the public. Membership CSOs can be organized around economic, professional, social, and/or religious identities. They work in a range of sectors with both advocacy and service provision as their core functions. The Indonesian Chamber of Commerce and Industry (KADIN), Himpunan Pengusaha Muda Indonesia (HIPMI), Komite Nasional Pemuda Indonesia (KNPI), and Serikat Pekerja Seluruh Indonesia (SPSI) are examples of membership-based CSOs that have economic, business, professional and/or social identities.

Faith-based organizations such as Nahdlatul Ulama (NU), Persatuan Gereja Indonesia (PGI), Konferensi Wali Gereja Indonesia (KWI), and Muhammadiyah in particular, undertake functions with a primary orientation toward dissemination of religious teachings. Their missions are to implement religious principles in daily life. These organizations are commonly established to provide services in the education, health, and other developmental sectors; they formulate and implement programs for resolving problems such as poverty, social inequality, and so forth. By establishing several foundations, Muhammadiyah, for instance, has various educational institutions, from kindergarten to university, and also operates many hospitals and medical clinics.

Furthermore, these mass religious organizations often establish intermediary CSOs, such as the Institute for Human and Resource Empowerment (Lakpesdam NU), Social Care Foundation (YKS-Paramita), Institute for Oikumene Self-Reliance Empowerment (LOPS), and Institute for Social Research and Development (LPPS). These intermediary CSOs are structurally part of the parent religion-based organization. There are also CSOs oriented towards development and other issues that are culturally associated with faith-based organizations. For example, Perhimpunan Pengembangan Pesantren dan Masyarakat (P3M) and Lembaga Kajian Islam dan Sosial (LKIS) are commonly linked with NU, while Yayasan Bina Swadaya and Yayasan Soegyopranoto (YSS) are strongly connected with Catholic churches.

Based on the assessment findings, as noted above, it is difficult to present a definitive typology of CSOs in Indonesia because they take various organizational forms, work in a variety of areas and on a variety of issues, and have diverse activities. However, for the membership parameter, non-membership-based organizations are the predominant type at both the national and sub-national levels. Indonesian CSOs perform one or a combination of four core functions on behalf of their constituents or members: advocacy, service provision, community mobilization and empowerment, watchdog, and research. A clear government classification system could be helpful for CSO mapping in Indonesia so that donors can provide support based on a comprehensive and reliable and comprehensive organizational database.

2. INSTITUTIONAL CAPACITY AND PERFORMANCE

The section discusses the strengths, limitations, and opportunities of Indonesian CSOs, including related to supporting achievement of GOI and USAID priority objectives, engaging effectively with government and donors, and building and sustaining internal capacity. The assessment team interviewed CSO staff to obtain their perspectives on external and internal factors influencing funding sources, human resources management, financial management, and program and institutional effectiveness.
2.1 FUNDING SOURCES

The majority of non-membership-based CSOs (such as issue-based organizations in the advocacy sector, watchdog organizations, or organizations involved in service delivery and community development) struggle with a lack of steady financial resources. This type of CSO is generally dependent on foreign funding sources. In contrast, membership-based CSO, such as religious organizations, labor unions, and professional organizations receive their funding from membership fees and business-related activities.

Most CSO key informants interviewed for this assessment confirmed that their main source of funding is international donor agencies. This finding is consistent with other studies of Indonesian civil society. One key informant noted, "The most important source of funding by far for national CSOs is international donor agencies or international CSOs." Another said, "Generally, non-profit organizations rely on foreign aid, and consequently this makes them follow the mainstream policies determined by the donor." Data on CSO revenues and expenditures are difficult to obtain because there are no data collection efforts in this regard.

Funding for Indonesian civil society comes in many forms. Some CSOs interviewed had received multiple long-term funds (i.e., for programs, or institutional support lasting more than one year) from a number of donor such as USAID, Australia’s Department of Foreign Affairs and Trade (DFAT), Ford Foundation, et al. Other CSOs only receive funding from a single donor. A few CSOs have strict policies against accepting international funds, such as Indonesia Mengajar, which seeks exclusively domestic funding from corporate and individual contributions.

On a smaller scale, many CSOs mobilize resources through the sale of publications, asking for donations and private giving, and cooperatives. However, these activities have not contributed significantly to the annual budgets of these organizations. For example, representatives of ICW said that money from public funding activities contribute less than 10 percent of their annual budget.

Besides donor funding, some CSOs have sought funding from CSR programs and government contracts. However, CSOs do not perceive these alternatives sources as major potential funding sources, citing the following reasons:

- Difference between CSOs and these funders in terms of values or orientation.
- Less independence for CSOs to operate with these funding sources.
- Inability to be critical of government.
- Complicated administrative requirements.
- Potential requests for kickbacks from government officials.

For these reasons, as well as the relatively greater availability of international funding, donor funds continue to be the preferred budgetary source for Indonesian CSOs. That said, one type of CSO – university-based policy institutes – usually obtains funding from multiple sources, as they offer varied services such as research, consultancy, and training. These institutes are less discriminating about their funding sources because they must generate income to pay management fees to the universities where they are based.

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7 PPATK, Local Assessment Team Secretariat, Domestic Study on Non-Profit Organizations, 2010.
Only a few CSOs have developed strategies and practices for better management (human resources and financial management) that take them beyond donor funding. Examples include PKBI, which claims that 70 percent of its annual budget comes from internally generated revenue from clinics and asset management. In addition, Kehati has diversified its funding through financial markets with its green index and SRI Kehati mutual funds. While still receiving donor funding, IBEKA charges a general management fee for its international and national projects, trainings, and investments in micro-hydro projects. Similarly, Bina Swadaya has established 17 companies under its foundation umbrella. Source of funding for workers unions and labor unions include membership dues, legal business proceeds, and non-binding aid from other parties. The non-binding aid refers to joint activities with donor agencies in the field of advocacy for workers’ rights, such as socialization and training programs. However, these CSOs represent the exception rather than the rule.

**2.2 HUMAN RESOURCES MANAGEMENT**

CSO key informant interviewed for this assessment said their organizations have adequate numbers of staff (permanent and part-time) to conduct their operations, but that they lack sufficiently qualified personnel to achieve their goals. On average, CSOs have 10-15 staff, generally split evenly between core organizational and project personnel. Most key informant expressed concern about employing staff with good technical knowledge in basic organizational management areas and how to present their ideas in a professional manner. Among the needed skills mentioned frequently were the ability to translate ideas into high-quality policy briefs and project proposals.

Furthermore, leadership in several CSOs is dominated by one person who is usually the founder and leader of the CSO for a very long period. Dependency on these leaders has resulted in the person-specific branding of CSOs associated with them. The public is more familiar with the founders than with their institutions. The personal characteristics of leaders are embedded within their institutions. This phenomenon has serious implication for a CSO’s sustainability, as the organization will not remain viable if the leader departs. Hence, the regeneration and transfer knowledge within organization becomes essential to ensure the sustainability of organization. Based on interviews, however, the assessment found that only a small number of CSOs systematically apply knowledge management in their organizations.

In addition, based on informant interviews, CSO staffs and members are not significantly involved in decision-making processes. This situation has not changed since 2005, as found by a survey done in that year by LP3ES. LP3ES found that a significant number of CSOs lack strictly defined bodies tasked with determining organizational directions and policies, and bodies responsible for implementing them, particularly between the levels of board and executive. This situation leads to low accountability among CSOs.

In an environment where working for CSO is often equated with working for a company/an employer rather than being a volunteer, Indonesian CSOs are characterized by a number of specifics issues. The majority of Indonesian CSOs lack sufficient human resources policies for important items such as delineation of career paths, staff promotion and performance evaluations, and detailed job descriptions. Those job descriptions that do exist are usually project-related (i.e., required or defined by donors). Few CSOs have established salary scales, and their remuneration rates are generally low by market standards. Recruitment, promotion, and incentive policies are often inadequate or non-existent. Hence employee expectations are often not met, making CSOs less attractive workplaces among new hires.

As noted below, the majority of Indonesian CSOs have conventional, often traditional approaches to their communications and fundraising. For example, most CSOs have been slow to adopt newer
technologies for their outreach efforts. They need to improve their knowledge about current practice or hire qualified staff that can adopt new technologies. Based on the assessment interviews, it is apparent that members of the younger generation and high qualified staff are reluctant to work for CSOs due to the lower (below-market) remuneration packages, lack of a clear career path, and the low perceived prestige of working for a CSO. Only a few CSOs have adopted innovative approaches, such as Indonesia Mengajar uses for recruiting voluntary teachers, or as Kehati uses for networking with the younger generation to promote environmental protection, calling such youth “biodiversity warriors.”

### 2.3 FINANCIAL MANAGEMENT

Indonesian CSOs generally have basic financial systems in place, including for accounting and financial reporting. Some CSOs use Sango or QuickBooks software for their accounting systems. CSOs usually develop standard operating procedures (SOPs) for routine administrative and financial matters, including establishing separate bank accounts for externally funded activities and instituting compliance measures per non-profit accounting principles (called PSAK 45).

Some organizations have developed customized systems for their work, e.g., Kehati’s integrated management information system, Aliansi Jurnalis Indonesia (AJI)’s Zahir accounting system, ICW’s online financial system and mobile application for staff, and IIEF’s more extensive financial systems for managing a US$20 million contract from USAID. Representatives of these CSOs stated that having financial systems that fit their particular needs strengthens their financial accountability and thus their organizational credibility.

A majority of CSOs have assigned dedicated staff to manage their finances and accounting, usually employing a minimum of two personnel for these purposes. CSOs with large operations usually have four or more financial staff, including a finance manager. Projects will then have their own finance personnel as needed, and depending on the donor’s financial reporting requirements.

Regarding transparency, only a small number of the CSOs in our sample (e.g., Kehati) make their financial information and reports available to the public, and only a few have undergone regular external audits. CSOs tend to conduct such audits only in response to donor requirements. The majority of CSOs are characterized as “demand-driven,” with much dependence on donors’ requests for information. For instance, financial audits become obligatory and are performed when donors ask for them. CSOs’ budgets and funding sources – information that ought to be readily accessible in the name of accountability and transparency – is usually not available. Recently, some national CSOs such as LSM Keuangan, PIRAC, C-Save, and Filantropi Indonesia provided some assistance for their members and their partners at the sub-national level to improve their financial management. The assistance included providing basic information about standard accounting and organizational financial management for non-profit organizations.

### 2.4 PROGRAM AND INSTITUTIONAL EFFECTIVENESS

Among the strengths of Indonesian CSOs are clear visions, missions, and specialized knowledge that most possess and use to conduct their operations. As a result, they receive positive responses from society and enjoy solid reputations – in particular from the target populations they seek to represent. This includes, for example, Indonesia Mengajar, Kehati, and PKBI.

In addition, the GOI has issued regulations and initiatives to support CSO activities. For example, Government Regulation 58/2016 addresses CSO establishment, registration, empowerment, information systems, program monitoring, complaint mechanisms, conflict resolution, and sanctions. The regulation
provides guidance about how CSOs should operate in order to achieve their goals and to be more effective in their operation. In addition, as noted above, the GOI has taken formal steps to make CSO participation a part of efforts to achieve all of the SDG pillars.\(^8\)

At the same time, only a small number of the CSOs conduct program monitoring, data collection, and evaluations or assessments to inform their strategic or project planning. When this does happen, these steps tend to be project-related; more often they are ad hoc or not performed at all. This lack of evidence-based planning can lead to programs that do not meet the real needs of CSO constituents or members, just as insufficient internal organizational assessments would contribute to weaknesses going unaddressed.

Furthermore, without effective monitoring and evaluation (M&E), CSOs will struggle to track changes over time, document results, or capture lessons. Failing to distribute findings, including information about results, to the public also hinders organizations from building a positive dialogue with constituencies and/or improving the perception of their professionalism through evidence-based programming.

The lack of internal strength among CSOs is in some cases compensated by strong networks among these organizations. It is reported that information exchange between CSOs is intensive. They make use of various media such as newsletters websites, mailing lists and other new media for sharing and exchanging information. Indonesian CSOs cooperate through networks, alliances, consortia, or forums, such as the International CSOs Forum for Indonesia Development (INFID), one of the most important coalitions between Indonesian and international CSOs for conducting advocacy in Indonesia.

For issues related to the environment and natural resources, CSOs have established some collaborative efforts, such as Forest Watch Indonesia and the Social Forestry Communication Forum. Several CSOs have actively participated in international networks and forums, for instance as members of Friends of the Earth International (FoEI) or the International Climate Change Action Network (ICAN).

However, CSOs’ international linkages and cooperation with each other are still dominated by organizations based in Jakarta and a number of other major cities. In some cities such as Banda Aceh, Medan, Yogyakarta, and Makasar, CSOs have established provincial forums for sharing information and increasing their political leverage with local governments. The number of CSOs involved in international networks and cooperation is small compared to the thousands of CSOs in Indonesia.

Regarding external relations, most CSOs take conventional, often traditional approaches to communications and fundraising. For example, most CSOs have been slow to adopt newer technologies for their essential outreach efforts. They have weak public relations strategies and materials, and only a minority produce regular annual reports. Only a few CSOs have adopted innovative outreach efforts, such as Filantropi Indonesia, which organized an expo to get funding from private citizens, or PIRAC, which supports CSOs on how to apply for funding from government sources.

Overall, these CSOs pay more attention to “upstream” accountability to their founders, donors, and government partners, rather than to “downward” accountability to partners, target populations, and constituents. This issue is serious, especially for most of Indonesia’s CSOs that have the legal status as foundation. Legally, a foundation is only responsible to its founding members and not to constituents who are largely claimed to be the group represented.

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\(^8\) According to Presidential Decree No 59/2017 on SDGs, Ministry of National Development Planning acts as implementing coordinator for SDGs
Building on their strengths, and despite the challenges they regularly face, some CSOs have achieved many successes through their efforts, as highlighted in a list of illustrative achievements below.

**TABLE 3 – SELECTED CSO ACHIEVEMENTS**

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>CSO</th>
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<tbody>
<tr>
<td>Sustainability</td>
<td><strong>Kehati</strong> managed a debt for nature swap program in Kalimantan, and more recently raised funds for a marine protected area in West Papua, including Raja Ampat. In this latest effort, Kehati manages the Blue Abadi Trust Fund, collaborating with Conservation International, the Nature Conservancy, and World Wildlife Fund. Kehati also launched SRI Kehati in the stock market to get funding for their programs.</td>
</tr>
</tbody>
</table>
| Policy Impact     | **Ilalang** runs a program with the Kota Jayapura government that combines waste management and peace-building, through which community members work together to solve waste problems regardless of their ethnic or religious backgrounds.  
**ICEL** has a long history of advocating for access to public information — efforts that led to the enactment in 2008 of the Law on Freedom of Public Information (KIP), and establishment of the Public Information Commission in 2009.  
**PKBI** developed a “child-friendly prison” program and received recognition from the President of Indonesia.  
**The Institute for Research and Empowerment (IRE)** played a major role in the development of the recently enacted Village Law, conducting a series of research and advocacy activities.  
**CHEPS UI** is the only Indonesian think tank focusing on health economics and insurance. Its work focuses on high-impact research and has led to the passing of the National Health Insurance (JKN) Law and cigarette excise tax.  
**KPI** was successful in promoting the Village Readiness (Desa Siaga) initiative that targets the reduction of maternal mortality in childbirth.  
**Based on Prakarsa’s research on social health insurance in 11 provinces, the CSO’s recommendations were incorporated into the GOI’s health policy evaluation.** |

Overall, regarding the institutional capacity and performance of Indonesian CSOs, it can be concluded that limited funding, inefficient organizational management, lack of technical expertise, dependence on individual charismatic leaders, low accountability, and weak financial management are the common challenges that CSOs face.
Many CSOs in Indonesia continue to face challenges in achieving financial stability and consistent management of their human resources. Reliance on international donor agencies funding can influence CSOs long-term performance and sustainability — due to decrease in donor funding, the short-term nature of project funding, and changes in donor priorities. In terms of staffing and human resource management issues, with limited funding and resources CSOs face challenges in retaining and hiring qualified staff and leaders. Many ends up using unpaid staff. CSOs should take measures to overcome these major issues related to funding and human resources. Donors and the GOI should also consider working together to help CSOs address these challenges and make them more effective advocates and service providers. This can be done by providing technical assistance to enhance organizational management and technical capacity, and to diversify funding opportunities, and by providing seed funding for CSOs operational costs (as noted in Section 6, there are examples of successful CSOs that improved their financial viability thanks to endowment funds).

3. OPERATING ENVIRONMENT FOR INDONESIA’S CSOS

The assessment team analyzed the operating environment for Indonesian CSOs based on institutional setting, funding opportunities, and partnership and collaboration. The main law used to define the operation of CSOs in Indonesia is the Societal Organization Law (Ormas Law) No. 17/2013 and its implementing regulations. In addition, other regulations such as the Law on Foundations, and laws on associations and tax, also informed our analysis.

3.1 INSTITUTIONAL SETTING

The landmark period of civil liberties for organizations in Indonesia commenced with the reform era in 1999. Since then, Constitutional laws have been amended to safeguard civil liberties and human rights, and these measures have improved the legal framework for CSOs. As a result, the number of CSOs expanded rapidly in the early 2000s, after the fall of the authoritarian New Order government. The GOI revised the old Ormas Law No. 8/1985 since it was no longer adequate to govern the diversity of CSOs in Indonesia,9 and in 2013, the GOI issued the new Ormas Law. Some CSOs say the 2013 law provides clearer guidance for them to operate across a range of issues compared to the old law. Others stated that the law limits CSO operations by establishing a set of complex procedures needed to register and conduct activities. This issue will be further discussed in section 3.1.2. Registration and Legal Entity.

In order to implement the new Ormas Law, the GOI must issue several implementing regulations. The government must also do so in light of the Constitutional Court decision10 in 2013 regarding certain provisions of the law. In 2016 and 2017, the GOI released two implementing regulations:

- No. 58/2016 on organizations’ establishment, registration, empowerment, information systems, monitoring, complaint mechanisms, conflict resolutions, and sanctions.
- No. 59/2017 on operational procedures for international CSOs.

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10 In September 2013, several CSOs submitted a petition to the Constitutional Court to review Ormas Law No. 17/2013. The Court viewed the Law on Societal Organizations as not too excessive and therefore deemed it constitutional. However, there are provisions in the law that are so detailed that they would harm the principle of freedom of association. They include provisions regarding the goals of societal organizations; types of organizations according to the number of members, locations of the organizations and the registration procedures for such organizations; the method to select personnel for the organization structure; the rights and obligations of the members of organizations; the government’s role to empower societal organizations; and the prohibition on using the Indonesian flag and symbol for the organizations’ flags and symbols.
The remaining implementing regulations on CSO empowerment, monitoring standards and procedures, sanctions, and conflict resolution are still under development.

On July 10, 2017 President Joko Widodo signed Government Regulation in Lieu of Law (Perppu) No. 2/2017, amending the 2013 Ormas Law. The Perppu removes judicial safeguards over the process of banning CSOs and other societal organizations if the organization is considered to pose a threat to Pancasila and the Constitution. The new Perppu replaced the 2013 Ormas Law article on dissolution of CSOs, under which the government was required to seek a court ruling to ban aberrant organizations, and was subsequently adopted as law by the Indonesian House of Representatives.

All of the above laws and regulations have implications for Indonesian CSOs’ operations in four areas: operational space, legal entity and registration, empowerment, and monitoring.

### 3.1.1. OPERATIONAL SPACE

The 2013 Ormas Law provides a legal guarantee for Indonesians to establish CSOs[^11] focused on a wide range of issues as long as the organizations are in line with the Indonesian Constitution and Pancasila. The law also mentions prohibitions include, among other things, harassing any races, cultures and religions; conducting activities that contradict the Constitution; and conducting violent activities mentioned in Article 59 (see Annex IV).

In practice, CSO informants reported no difficulties in establishing their sector-focused organizations – for education, democracy & governance, health, or the environment. They added that there have been no interventions nor rejections from the government on the type of activities they have conducted. The CSOs have mainly faced challenges related to registration procedures and requirements, which are discussed further in section 3.1.2. Related to the prohibition of certain CSO activities, informants from some CSOs working on HIV and AIDS said they are concerned that their activities might be seen as tainting social norms and religions, and this could be used as an excuse to disband their operations. An assessment by USAID in 2016 concluded that CSOs can work freely in Indonesia under the 2013 law, except for those organizations working with religious minorities and lesbian, gay, bisexual, and transgender (LGBT) people.

Related to the Ormas law amendment through Perppu No. 2/2017, CSO informants explained that the amendment did not influence the way they operate. However, some are concerned that the amendment has provided unconditional power for the government to disband a CSO without judicial proceedings. This has greatly influenced some CSOs with extreme ideologies such as Hizbutahrir Indonesia (HTI)[^12], whose legal status was revoked by the GOI in 2017. Several activists and institutions argued that the amendment might lead to broad interpretation of what constitutes a threat to the government and the public. Sensitive issues such as those related to LGBT people can be seen as a threat to “values of religion, culture, morals, ethics, and norms of decency,” as stated in Article 21. The same could be

[^11]: The law states that a CSO is an organization voluntarily founded and established by at least three persons, to participate in achieving the national development agenda.

[^12]: The government claimed that HTI visions and activities are against constitution and Pancasila. This organization was accused of spreading Islamic calipathe to replace Indonesian constitution as well as harassing other minor religions. HTI has denied these accusations, but the government still revoked its legal entity. Judicial proceedings took place only after the ban with the court confirming the government’s claim. [https://nasional.kompas.com/read/2018/05/08/20081501/dimbau-kembali-ke-pancasila-dan-nkri-ini-respons-hdi](https://nasional.kompas.com/read/2018/05/08/20081501/dimbau-kembali-ke-pancasila-dan-nkri-ini-respons-hdi)
claimed about critics of the government’s political and security approaches in conflict-prone areas such as Papua and Maluku.\textsuperscript{13}

Responding to these concerns, a senior MOHA official told the assessment team: “The current government is very democratic and highly regards public trust. There is also strong control over government actions from the society and mass media. So, CSOs need not to worry that the government will abuse its power.”\textsuperscript{14} However, implementation of the new article in the Ormas Law will likely depend significantly on the characteristics of the governing regime. A democratic government might be very careful in implementing the respective provision, but an authoritative government might act otherwise.

3.1.2. REGISTRATION AND LEGAL ENTITY

As stated in the 2013 Ormas law, CSOs can operate with or without the status as a legal entity. CSOs that are not legal entities must own a registration certificate (Surat Keterangan Terdaftar, SKT), while CSOs with legal entity can operate as a foundation or association (see Figure 2 below). According to assessment informants, the law provides flexibility in establishing civil organizations. While some CSOs are unhappy with the registration requirements, government officials at local and national levels stated that the registration system is necessary in order to develop an integrated CSO database in Indonesia. In addition, key informants said the law provides a basis for good administration compared to the old law. Registration processes are common in many countries, and informants noted that developed country registration processes can be very rigid, particularly for CSOs managing charity work.

Indonesian law designates two ministries as responsible for CSO registration: MOHA for CSOs without legal entity, and MOLHR for CSOs with legal entity, as described in Figure 2. MOHA is leading the process for developing an integrated database of national CSOs.


\textsuperscript{14} Director of Political Affairs, Ministry of Home Affairs \url{https://nasional.kompas.com/read/2017/10/25/05310091/pengesahan-uu-ormas-antara-ancaman-radikalisme-dan-alat-represi}
CSOs without legal entity – both membership and non-membership – can obtain the SKT, the requirements for which are less complicated than for associations. The SKT is obtained from MOHA based on reference letters from district or municipal offices, or governor offices depending on the CSO’s areas of work (see Annex V). The Ormas Law recognizes two types of legal entities for CSOs: associations (membership basis) and foundations (non-membership basis) which are further regulated under different laws. Associations are governed by Staatsbald No. 64/1879, while foundations are regulated by Law No. 28/2004 or Law No. 16/2001. The main differences between associations and foundations have to do with their registration processes, scope of activities, and governance. The Staatsblad on associations puts forth a simple registration process through MOLHR. The ministry provides online registration through its Legal Entities Administration System (SABH). However, a CSO that is an association is not allowed to engage in economic activities. As such, it cannot have income-generating activities. Moreover, the Staatsblad is a generic rule that does not provide a platform for governance. As such, there is little requirement for accountability. On the other hand, while the Law on Foundations establishes a long and complex registration process, it provides a governance platform. As a foundation, a CSO may engage in economic activities by creating business entities. Therefore, these differences may lead CSOs that are not legal entities to experience financial and accountability problems compared to CSOs that are legal entities.

It is not surprising, therefore, that most CSOs reviewed for this assessment are registered as foundations (see Figure 3). According to their informants, as foundations they have space for income-generating activities, and the public finds them more trustworthy. The Law on Foundations provides them with guidelines of accountability. Moreover, these CSOs are able to develop business units or invest in capital markets, as practiced by PKBI, Kehati and Bina Swadaya which obtain 20-70% to their annual budget from these activities. Only one-third of informants said their CSO was registered as an association, and in these cases it was primarily for practical reasons. A small number of the CSO’s reviewed are not legal entities. Informants mentioned that it took 6-12 months to register as a foundation, compared to the process of association registration which takes less than six months. Consequently, CSOs that are associations mainly depend on projects for their income.

Sources: Bahtiar, 2013 per Law No.17/2013

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15To obtain certificate, CSO needs to submit seven documents, while association legality requires 14 documents. Source: Law no.17/2013
Despite the necessary to register, in some rural areas, certain CSOs operate without legal entity\textsuperscript{16}. This practice continues due to weak monitoring by the government at central and local levels. Local government officials mentioned that they lack sufficient personnel to monitor all civil organizations’ activities.

**Empowerment.** The Ormas Law provides potential opportunities for CSO capacity building. In its implementing regulation, Government Regulation No. 58/2016 indicates that national and local governments can use their budgets – national (APBN) and local (APBD) – to strengthen CSOs in three areas: policies, organization, and human resources. However, these regulations do not specify funding procedures, and they only encourage — but do not oblige — governments to take such steps. Support by the government can only be provided to CSOs with legal entity and/or those that are registered. The support can also be provided by other CSOs, by communities, and by private companies. The assessment team recommends further research to measure the extent to which governments are using their financial resources to perform this function.

**Monitoring.** The Ormas Law regulates the mechanism for internal and external monitoring or oversight of CSOs’ performance and accountability. Internal monitoring systems should be created by the CSOs themselves in accordance with their Articles of Association (AD/ART) (See Figure 4). External monitoring is to be conducted by communities and the GOI at all levels. Community members can monitor CSO activities through complaint mechanisms, including a complaint service to be developed by national and local governments. If such a complaint unit is not available, complaints can be submitted through the Office of National Unity, Politics and Public Defense (Kesbang) in MOHA.\textsuperscript{17}

\textsuperscript{16} Davis, B. 2014. Financial Sustainability and Funding Diversification: The Challenge for Indonesian NGOs
\textsuperscript{17} MOHA local offices.
The GOI’s monitoring mechanism is regulated by MOHA Regulation 56/2017, which requires the establishment of an integrated monitoring team (*Tim Terpadu*) at national, provincial, and district levels, led by MOHA. To support this monitoring system, the GOI is in the process of establishing a CSO database administered by MOHA. However, monitoring standards and procedures are not yet established. As such, the execution of this monitoring mechanism cannot be traced.

### 3.2 FUNDING

International donor funding for Indonesia’s development has decreased significantly since the early 2000s, in part due to Indonesia’s achieving middle-income country status. In 1999, total aid (Official Development Assistance) commitment from Development Assistant Committee countries was US$2,224.76 million, while in 2016 it fell to US$1,457.9 million. As a result, local funding has become crucial for CSOs. This assessment identified a number of promising sources of local funding. Government policies, however, have not been supportive of maximizing the realization and use of these sources, which are detailed in the next section.

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**18** Davis, B. 2014. *Financial Sustainability and Funding Diversification: The Challenge for Indonesian NGOs.*

**19** Including grants, loans and technical cooperation.

**20** A commitment is a firm written obligation by a government or official agency, backed by the appropriation or availability of the necessary funds, to provide resources of a specified amount under specified financial terms and conditions and for specified purposes for the benefit of a recipient country or a multilateral agency (OECD, 2016).

**Funding sources.** Indonesian policies and regulations have enabled CSOs to access funding from several sources. Greater funding from these sources — including philanthropic organizations, individual donors, the private sector, and national and local governments — could reduce CSOs’ dependency on international donors. These funding sources are governed, to some extent, by regulations summarized in the table below.22

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>FUNDING TYPES</th>
<th>POLICIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>National government</td>
<td>Projects contracts administered by GOI ministries</td>
<td>Regulated by ministries that administer projects, e.g., Permendagri No. 58/2017 and Permenkes No. 84/2015.</td>
</tr>
<tr>
<td></td>
<td>One-off ad hoc funding (e.g., national disaster response)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government contracts</td>
<td>Presidential Regulation No.16/2018</td>
</tr>
<tr>
<td>Local governments</td>
<td>Grants and social funds</td>
<td>MOHA Regulations No. 14/2016 No.39/2012; No.32/2011</td>
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<tr>
<td></td>
<td>Government contracts</td>
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<tr>
<td></td>
<td>Government contracts</td>
<td>Presidential Regulation No.16/2018</td>
</tr>
<tr>
<td>Private sector</td>
<td>Corporate social responsibility programs</td>
<td>Government regulation No. 47/2012</td>
</tr>
<tr>
<td></td>
<td>Direct donations</td>
<td></td>
</tr>
<tr>
<td>Philanthropic organizations</td>
<td>Grants from foundations, individuals, family foundations</td>
<td>Law No. 9/1961 on monies and goods collection; PP No. 29/1980 on charity; Law No. 38/1999 on Zakat</td>
</tr>
<tr>
<td>Individual public giving</td>
<td>Crowd funding, alms</td>
<td></td>
</tr>
<tr>
<td>International donor agencies</td>
<td>Grants, contracts, cooperative agreements</td>
<td>PP No. 38/2008</td>
</tr>
</tbody>
</table>

*Source: Interviews and review of relevant policies.*

**Government.** CSOs can access funds from both national and sub-national government agencies. In practice, however, only a few CSOs have obtained funding from these sources compared to funds from international donors. Some CSOs are reluctant to access government funds due to credibility issues. Others mentioned that their CSOs had not accessed government funding due to unclear selection processes for grants, and that to be successful CSOs must have connections with the government.

Under current policies (see Table 4), the national government offers three potential funding sources: 1) procurement of goods and services, 2) project contracts/self-administered funds, and 3) one-off funds for activities such as natural disaster response. As for local governments, there are four potential funding types: 1) grants funds, 2) social funds, 3) provision of goods, and 4) provision of services. In some cases, however, these government funding mechanisms are channeling international donor

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support. Regulations to access GOI funds vary depending on the ministries or agencies administering them. To access local (sub-national) funding, CSOs follow MOHA regulations, which generally allow any organization with status as a legal entity to apply. Of the informants interviewed, nine from local CSOs and one from a national CSO said their organizations had received funding from the GOI — from both local (Pemda) and national (e.g., Ministry of Health and Ministry of Social Affairs) agencies. There are no specific selection criteria for accessing these funds, but there are some administrative requirements (see Annex V).

President Regulation No. 16/2018 issued in March 2018 provides a new way for CSOs to bid on government contracts for procurement of goods and services. Traditionally, GOI procurement regulations have only allowed commercial entities to tender for government contracts and CSOs were not eligible. However, with issuance of the new regulation, CSOs can now tender for government contracts using the self-administered project (swakepela) mechanism, and if successful they can implement the activity. Since this is a recently issued regulation, no evidence on implementation is available. The implementation of this regulation would provide funding for CSOs, especially those that deliver social and community services.

Grants and social funds are other types of government mechanisms that CSOs can use to access funds. However, only 30 percent of CSO informants said their organizations have accessed these sources of funding. Factors behind this low level relate to, among other things, credibility, mechanisms, and network issues. These factors affect advocacy or watchdog types of CSOs more than the service provider types. CSOs that focus on advocacy — particularly those working on environmental, anti-corruption, and democratic process issues — have concerns about credibility if they receive funds from the government. On the other hand, CSOs that provide services would not have a problem with these factors because of the nature of work, which is more related to supporting government programs. In addition, informants mentioned complex reporting and timing challenges involved in accessing government funding.

Private sector. Private companies often provide funding to CSOs through their CSR initiatives. To some extent, the legal framework has encouraged companies to disburse funds this way. However, similar to government funds, only a handful of CSOs have accessed CSR funds due to networks, credibility and capacity issues.

In Indonesia, CSR work is regulated through several mechanisms such as Government Regulation No. 47/2012, Law No. 19/2003 on State-Owned Enterprises, Law No. 25/2007 on Investment, and Law No. 40/2007 on Limited Liability Companies. These legal instruments focus on encouraging corporations to practice CSR, but do not offer clear incentives or mechanisms for more effective CSR interventions. In recent years, local governments have been active in issuing derivative CSR regulations. In 2016, 96 such local regulations pertaining to CSR were issued by provincial and district administrations in Indonesia (PIRAC 2016) (See Annex VII). However, these local regulations have created distortion in the implementation of CSR at the local level due to a lack of understanding among local governments about CSR; they tend to view CSR funds like taxes. As a result, many companies have established foundations or units to manage their CSR work. Only few local CSOs have received CSR funds.

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23 Ibid.
24 Self-administered contracts/projects are for provision of services and goods which are managed, planned and monitored by government agencies as the budget holder.
25 The amount of grant and social funds are different in each province. Local government usually announces the application and selection processes on their website and or by circulating formal letters, when available, to access these funds.
Assessment interviews revealed that in practice only a handful of CSOs receive CSR funds from the private sector. Those who did are mostly well-known CSOs based in Jakarta. Still, the amount of funds they received through these channels was small at around 5-10 percent of their overall funding. Several local CSOs mentioned difficulties accessing private funds due to local government control over CSR activities. CSOs that have strong relationships with government staff had more opportunities to access these monies. Some other informants said that they do not know people in the CSR agencies. On the other hand, representatives of CSR initiatives said they were reluctant to work with CSOs due to their perception of generally low capacity in the CSOs, though they admitted that the CSOs have capacity in community mobilization and advocacy. Some CSOs, according to them, could not comply with private companies’ standards of compliance, both programmatic and financial. Perhaps as a result of this difficulty, some companies prefer to channel CSR funds through their own foundations, as is the practice of several corporations who requested anonymity when providing their inputs for this assessment. Still, in some cases, those funds can then be accessed through sub-grants or contracts issued by the foundations to CSOs.

Philanthropy and private giving. Though regulations governing philanthropy and private giving need improvement, monies collected through these channels have been increasing over the years. However, few CSOs have accessed these funds. Limited networks of CSOs with philanthropic organizations and a lack of creativity in designing mechanisms to access individuals giving (i.e., crowd funding) are obstacles in accessing funds from these sources.

Philanthropy and private giving are related, even though they are managed by different types of organizations. Philanthropic organizations manage funds obtained from crowd funding, alms, individual philanthropist donations, and family-owned foundations. Some CSOs also manage alms and monies from crowd funding as part of their core funding approach.26

In terms of policies, however, Indonesia has not yet fully developed or empowered philanthropy or private giving. The 2015 Index of Philanthropic Freedom found that Indonesia’s environment was unfavorable to philanthropic institutions due to policies that are incomplete and fragmented. Laws and regulations that provide the legal basis for these funding sources are Law No. 9/1961 on Monies and Goods Collection and its implementing regulation PP No. 29/1980. However, these regulations limit collection permits to a period of three months and only for social, health, and cultural sectors. These regulations also do not provide protection to donors and assurance of proper utilization of donations. Donations through digital platforms, which is the main mechanism for current donations, are not regulated yet. Moreover, for donations from foreign entities, the government has established time consuming reporting requirements for CSOs receiving such funds.27 Additionally, these regulations only apply to collections for non-religious purposes. Religious donations or charity such as alms are governed by a different policy — Law No. 38/1999 on Zakat.

Despite the lack of enabling regulations, the rate of donations by private Indonesians has been increasing. A household survey by PIRAC (Public Interest Research and Advocacy) showed that in 2000 and 2004, only 16 percent of Indonesians donated to charity, while in 2017 the amount was 44 percent.28 PIRAC and Dhompet Dhuafa (a religion-based fundraiser) documented an increase in total philanthropic donations from approximately US$860 million in 2013 to US$1.2 billion in 2014. These amounts came primarily from companies in Java (82 percent) and were distributed to programs in three main sectors: education, environment, and health. The processes for both philanthropic and public fundraising were unstructured, ad hoc in nature, and the monies were difficult to trace. Individual

26 Interview with Filantropi Indonesia and Dompet Dhuafa; Davis, 2014.
donations still center on religious-based giving, and giving to orphanages and in response to disasters. However, one key informant from a philanthropic organization mentioned that such philanthropic groups are advocating the use of religious-based giving for addressing other social issues, such as corruption. Additionally, in recent years there have been many community groups raising funds for development issues through social media. CSOs should take advantage of the opportunity to work with such groups.

In practice, few CSOs have accessed funds from philanthropic organizations or directly from the public. CSOs with funding from individuals are mostly religious-based organizations such as Dompet Dhuafa that collect alms. A handful of CSOs such as Indonesia Mengajar and ICW have used crowd funding, but this money only made up 10-20 percent of these two organizations’ total funding. Moreover, only one informants interviewed by the assessment team – Kehati – said they were directly engaged with a philanthropic organization. Key informants from philanthropic organizations mentioned that even though CSOs have the capacity to use philanthropy funds and private donations for development programs, they lack creativity in expanding their networks to philanthropic organizations, and in designing crowd funding methods. Key informants further explained that intermediary organizations such as Kehati or Indonesian Philanthropy can be used as agents to improve the capacity CSOs in this regard.

**Taxes and incentives.** Taxes and incentives are not mentioned in the Ormas Law, but they are regulated by several policies such as Law No. 36/2008 on Income Tax, Law No. 23/2011 on Zakat, and Government Regulation No. 93/2010 on tax deductions for various types of charities. These regulations provide very limited tax exemptions or other incentives to corporations or the public to channel funds to CSOs or for development initiatives. For example, the Law on Income Tax obliges CSOs to pay income tax as business entities with no deduction. And Government Regulation No. 93/2010 allows a tax liability reduction of no more than 5% from total gross income for charity to national disaster relief, research and development, education, sports, and social infrastructure development. What’s more, the procedures to file for such tax deductions are complicated. Alms, for all religions acknowledged formally by the government, are eligible for tax deduction, but limited to those paid to certain institutions. Moreover, interviewees noted that the mechanism for alms payment is lose where communities or any entities can give alms to institutions that are not listed in the regulation, or they donate informally to individuals or charity groups. However, there is unclear information on the amount of alms paid to those institutions, individuals, and charities.

### 3.3 Partnerships and Collaboration

Since the Reformasi Era, Indonesia has applied an open government policy enabling civil society, private sector, and community members to be actively involved in achieving national development goals. This policy has changed the GOI’s perspective toward CSOs and expanded opportunities for organizations to collaborate externally. Currently, the field for CSO collaboration and partnership includes CSOs, national and local governments, private corporations, philanthropic organizations, and communities, among others.

The framework for Indonesia’s open governance can be traced back to several policies, such as Law No. 25/2004 on National Development Planning, which promotes public participation, and the 2008 Law on Public Transparency. In 2011, Indonesia signed an Open Government declaration that strengthened the government’s commitment to better governance. Moreover, the National Medium-Term Development

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29 USAID, 2016.
30 Ibid.
31 A derivative regulation from Law No. 36/2008, Tax Directorate Governor Regulation-PER-15/PJ/2012, has acknowledged 21 alms institutions.
Plan (RPJMN 2015-2019) encourages partnerships between the government, private sector, and civil society. And in 2017, Indonesia issued Presidential Regulation No. 59/2017 on Achieving Sustainable Development Goals, which also encourages collaboration among corporations, philanthropic institutions, and CSOs.

Realizing the benefits envisioned by these policies, the government has started working with CSOs to advocate for their development programs and mobilize communities to participate in them (Solidaridad, 2017). Our interviews with local and national CSO representatives indicate that many of them are pursuing this approach. IAC, a growing CSO advocating around HIV/AIDS policies, stated that they began collaborating (e.g., advocacy at the community level) with the Ministry of Health (MOH) in 2013. The MOH sees CSOs as partners, no longer as watchdogs. Gemawan, a local CSO in Kalimantan Barat, stated that they use both their own and government funds in implementing their programs. BaKTI (Bursa Pengetahuan Kawasan Timur Indonesia), a CSO in Sulawesi, has shifted their funding composition from international donors to government-based. In this case, there have been a changing perspective from the government towards CSOs and vice versa. However, a few CSO informants said their organizations were reluctant to work with government. According to them, a CSO should monitor government performance; collaborating with the government disrupted this role. On the other hand, other CSO informants and most key informants said that the government and civil society should work together.

Collaboration between CSOs and the private sector has not changed as much as it has between CSOs and the government. Only a few CSOs interviewed have collaborated with private corporations, either through grants and/or joint activities. For example, Indonesia Mengajar has collaborated with private companies that have requested that their staffs be involved in Indonesia Mengajar activities over a specific period of time. CSOs mentioned that working with private companies can be challenging due to the companies’ exclusive networks and different values. Environmental CSOs in particular are reluctant to collaborate with palm oil or tobacco companies, for example. Some local CSOs also mentioned the difficulties in accessing CSR funds because they are controlled by local government agencies.

Moreover, private sector representatives argue that poor management skill is a barrier to working with CSOs. They mentioned that only a few of CSOs can comply with CSR procurement rules. As a result, some corporations have created their own foundations to execute CSR programs. To overcome these challenges, key informants mentioned the need to increase CSOs capacity to comply with private sector standards. Nevertheless, despite these challenges, private sector representatives acknowledge (similar to the GOI) that CSOs have capacity in community mobilization as well as experience working at the grassroots level. Regarding contradicting values, key informants stated that CSOs must choose companies with similar values rather than resisting collaboration with all of them.

Overall, Indonesia has supportive policies for CSOs, though there are limitations in funding policies. Both government and private sector representatives acknowledge that CSOs are able to work on advocacy and community development. Although funding from international donors is decreasing, there are alternative funding sources including the government (at both local and national levels), the private sector, philanthropic institutions, and private donors. The recently issued public procurement regulation that allow CSOs to bid for government contracts need to be publicized better so that more CSOs are able to take advantage of this opportunity to participate in national and local government development programs. Still, further analysis is needed to gauge the potential of local funding opportunities vis-à-vis international donor sources. Moreover, poor management skills, the inability to capture opportunities to work with the private sector, and exclusive networks have hindered the collaboration between CSOs.

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and two entities (the government and the private sector). Therefore, increasing the capacity of CSOs and improving their networks is a must.

4. IMPACT OF DECENTRALIZATION ON CSOS

In this section, the assessment discusses impacts of decentralization on Indonesian CSOs. To analyze the impacts, the assessment team looked at the concept of decentralization in Indonesia and factors influencing CSO participation in local governments. The team also examined the relevant literature by donors and solicited input from informants regarding the implications of decentralization on the roles of CSOs, taking into account both opportunities and challenges of working in the decentralization era. The same approach was used to consider the implications of the Village Law on CSOs in Indonesia villages.

4.1 DECENTRALIZATION IN INDONESIA

Decentralization in Indonesia was designed to extend democracy to the regional and local levels, bring about a division of authorities and fiscal balance between central and sub-national governments, and increase human development through improved public services and economic growth. Two important laws No 22 and No. 23 passed in 1999, on regional autonomy and fiscal balance, laid a firm foundation for greater authority afforded to local governments in managing resources and addressing the needs of their citizens. In addition to administrative decentralization, the regional autonomy law also provides for political decentralization and gave autonomy to local parliaments in electing the heads of local governments. Law No. 32/2004 on Regional Government introduced direct elections of regional government heads and people’s representative council (Dewan Perwakilan Rakyat Daerah, DPRD) members. Direct elections were conducted in 2005, and by the end of 2009 more than 80 percent of local governments had held direct elections. Newly elected governors, mayors, and bupatis (district heads) were empowered to oversee large staffs responsible for delivering services in key areas such as agriculture, education, environment, health, infrastructure, investment, trade and industry, and transportation.

Devolution of power and financial resources to the sub-national level has opened new opportunities for Indonesian CSOs to participate in development issues at the province and district/city levels. CSOs, which were very limited in number and in the roles they played prior to Reformasi, have since increased substantially in number33. With decentralization taking effect in 2001, these new organizations were provided with a new sub-national playing arena to bridge the gaps among government leaders, politicians, and citizens.

The evolution of CSO participation and their roles in decentralization are illustrated in Figure 5. The legal framework for CSOs as a medium for citizen engagement was first defined in a MOHA decree in 1990, and further emphasized with the passing of Law No. 10/2004 and Law No. 12/2011 on Lawmaking, as well as Law No. 32/2004, which was an amendment to 1999 laws on regional government.

The decentralization of power to local governments has created a participatory environment in which civil society, parliament, CSOs, private sector, and the media can be involved in policy formulation; monitor resource mobilization and quality of service delivery by local governments in provinces, districts and later in villages with enactment of the Village Law; and influence more effective allocation and management of public resources to improve service delivery. In short, decentralization has provided

33 Source from key informant, there is no reliable historical data on CSOs in Indonesia.
new opportunities for CSOs to engage in local policy and planning processes to improve public services and development at local levels.

**FIGURE 5 – CIVIL SOCIETY’S EVOLVING ROLE IN FACILITATING PUBLIC PARTICIPATION IN INDONESIA’S DEVELOPMENT**

4.2 IMPACT OF DECENTRALIZATION ON CSOS

Seventeen years after decentralization took effect, the following factors impacting CSOs were identified by most CSO representatives interviewed for this assessment.

*Openness of local governments to collaboration.* Increased openness by local governments (LGs) to collaboration with CSOs was identified in 2005 as one result of implementation of the decentralization law. As seen in Figure 6, from 2005 to 2009 there was an increase in CSO participation in development planning processes and in consultations related to monitoring of public services. This data show that LGs are improving in terms of transparency of information and have been more willing to receive feedback from their citizens, two important aspects of local governance. Moreover, it shows increase of engagements between civil society and local governments in planning and decision-making processes.
CSO informants unanimously agreed that the current level of LG openness was a positive result of decentralization and has helped increase the willingness of LGs to collaborate with CSOs. Fifty-three of the CSOs said they have worked or are currently working with local governments, and 20 organizations claimed they had successfully influenced LG policies for planning or budgeting. One informant reported on her organization’s work in supporting acceleration of good governance with several LGs, collaboration that could not have happened without the decentralization law. The activity includes monitoring public access to LG budget information from the perspective of transparency, accountability and gender balance. This activity requires full openness from the LG side with respect to their data, which shows trust by the LG in the CSO. Other informants reported on collaboration with LGs to increase tolerance among different religions and ethnic groups. This involved advocating that LGs avoid ethnic and religion discrimination in local regulations.

Decentralization has opened the door for CSOs to play important roles in ensuring public participation in policy development. Law No. 32/2004, which amended Law No. 22/1999 on Regional Government, requires LGs to include public participation in their work on accelerating community welfare. The idea behind public participation is to enable citizens – especially vulnerable and marginalized groups – to articulate and incorporate their needs into the government policy development process. In this case, CSOs are key stakeholders in promoting effective citizen engagement, expanding local public service delivery capacity, demanding transparency and accountability, and advocating for citizen rights.

Prior to decentralization, CSOs and LGs did not collaborate because all key policies were decided at the national level, capacity building initiatives were conducted by the central government, and most CSOs focused on serving as watchdogs. Decentralization cut LG dependency on the central government and forced local administrations to manage policy and regulation development, budget allocation, M&E, and fiscal management.

34 In 2005 about 35 percent of CSOs said they had been involved in public consultations and planning meetings (Musrenbang), while in 2009 more than 80 percent had done so.
According to assessment informants, collaboration between CSOs and LGs can be grouped into the following types:

- Monitoring of LG policies and programs;
- Conducting research or assessments as inputs to LG strategy documents and by-laws; and
- Advocating for policy reforms.

Regarding the last type, most informants stated that since decentralization they have shifted more of their role from being a “watchdog” to being a “resource,” working as consultants inside the bureaucracy of local governments.

Despite the openness of many LGs as reported by the assessment informants, there are LG officials who block public information being shared with CSOs and citizens. This usually comes from non-innovative LGs that place their focus on meeting expenditure targets without paying attention to quality or outcomes. As a result, despite their efforts to assure local needs-based planning, many CSOs are still unable to influence or provide recommendations on Provincial Medium-Term Development Plans (RPJMD). In the Musrenbang (development planning meeting), this type of LG focuses on attendance of CSOs in the meeting to make sure that they are listed as participants. But they do not necessarily value CSO input.

In addition, many informants reported facing the challenge of LGs that lack the budget and human resources to produce better policies and provide better public services. As a way of ensuring support from LG leaders, one CSO conducted a mapping of “champion leaders” in their area to identify potential stakeholders prior to collaborating with the government.

**Opportunities to work on sector-specific programs.** After 2001, the GOI transferred significant amounts of funding and staff to the province and district levels. Around 50 percent of state funds are now managed at the local level, and 2.5 million public servants have been transferred from ministries to local agencies. Unfortunately, these massive and rapid shifts were not supported by a clear, overarching policy statement on decentralization (e.g., a white paper) to help guide the formulation of decentralization legislation, regulations, and implementation plans.36

A clear regulatory framework to ensure clarity of roles, responsibilities, and authorities was not issued until 13 years after decentralization took effect (Law No. 23/2014 on Regional Government). Training and guidance that was supposed to be provided by the provinces and national line ministries could not fill the vast capacity needs at the districts and cities levels, and this vacuum provided an opportunity for CSOs to bridge the gap. As confirmed by assessment informants, CSOs were often summoned to help LGs develop minimum public service standards (standar pelayanan minimal [SPM]), complaint handling mechanisms, and customer satisfaction surveys, all of which are required by Law No. 25/2009 on Public Services. Other specific work areas stemming from decentralization have included local regulatory impact analyses, local budgeting, and LG public relations and community outreach. CSOs have also assisted LGs with sector-specific programs, such as training of farmers in Magelang, training on maternal and child health in Kupang, and overcoming religious intolerance in Papua through community cooperation on common needs such as waste management, literacy, and access to drinking water.

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Newly elected LG leaders also lack technical knowledge to manage the broad range of functions for which they are now responsible, including basic education, health services, agriculture, transportation, and infrastructure. LG services are required to comply with national law-mandated standards, such as those found in Law No. 20/2003 on Education, Law No. 7/2004 on Water Management, Law No. 41/1999 on Forestry, and Law No. 27/2007 on Spatial Planning.

In fulfilling these tasks, local CSOs overcome challenges to bridge technical expertise gaps by networking with CSO partners at the national level. As highlighted by national CSO informants, they often provide coaching to local CSOs in new sector-specific areas like gender mainstreaming in LG budgeting and planning, and in implementation of village laws and local government financial policies. Other innovation came from a CSO in Makassar that provides routine training on the state budget to its staff, in collaboration with local universities (including through internships for university students). These national organizations act as intermediaries by channeling funds and introducing innovations. For example, Kehati, in collaboration with local CSOs, introduced the concept of a Conservation Province in Raja Ampat, West Papua. Kehati provided mentoring and capacity building to local CSOs on the concept, expected rate of return analysis, and report writing. Another example of capacity building through national-local networks is C-SAVE, which teaches local CSOs how to counter violent extremism.

4.3 FUNDING FROM SUB-NATIONAL GOVERNMENTS

Fiscal decentralization transferred funding for basic services directly to LGs. Local expenditures are divided into routine expenditures for civil servants’ salaries and allowances; capital expenditures for LG development programs; other indirect expenditures comprising profit sharing, subsidies, and contingencies; and grant and social aid funds. Government procurement regulations originally only allowed commercial entities to tender for government contracts, and CSOs was not eligible for self-managed project (swakelola) funds. However, Presidential Regulation (Perpres) No 16/2018 has replaced the previous Perpres on public procurement and now allows CSOs to bid on government contracts.

Government funding remains a small portion of overall CSOs’ funding. The graphic below shows the level of government funding as a portion of all funding for CSOs at the district, provincial and national level, according to CSO informants. In the future, with declining of donor funds and greater opportunities at the sub-national level, CSOs need to increase their efforts to access government funding.

**FIGURE 7 – GOVERNMENT FUNDING FOR CSOS**


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38 Davis, B. 2014. Financial Sustainability and Funding Diversification: The Challenge for Indonesian NGOs.
Typical funding schemes that can serve as CSO source of revenue from the local government are summarized in Table 5 below.

<table>
<thead>
<tr>
<th>SCHEME</th>
<th>CSO REVENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSO staff act as resource persons for LG</td>
<td>CSO receives a certain percentage of the resource person’s honorarium.</td>
</tr>
<tr>
<td>activities</td>
<td></td>
</tr>
<tr>
<td>Grant funding</td>
<td>After approval of a CSO proposal, LG awards the grant on a non-continual</td>
</tr>
<tr>
<td></td>
<td>basis, and the CSO receives payment subject to acceptance of the grant</td>
</tr>
<tr>
<td></td>
<td>activity reports.</td>
</tr>
<tr>
<td>Swa-kelola activities</td>
<td>CSO receives funding from a contract with LGs.</td>
</tr>
</tbody>
</table>

**Resource person.** This scheme occurs when an individual CSO staff is invited by a LG as an expert to serve as a resource person in LG planning meetings or workshops, socialization events, or legislative drafting. The CSO staff receives funding in the form of honorarium.

**Grant funding.** Grant funding can be accessed from the district and/or city government budget (APBD) by CSOs. MOHA regulation No. 14/2016 allows LGs to provide grant funding to individuals or organizations to support the local development programs, after fulfilling priorities under the LG mandatory and optional expenditures, and not to be provided on a continual basis. There is no threshold limitation on funding through grants, but generally the budgets for grants are limited, as shown in Figure 8, except for provincial budgets. The differences in budget composition between provinces and districts/cities shows how the majority of local budgets are spent for routine expenditures, while for provincial governments the balance is more balanced between routine expenditures and expenditures for assistance, investments, etc. Thus, CSOs are more likely to find funding opportunities at the provincial level.

To access grant funds, CSOs should be registered in the respective LG area for at least three years and submit a proposal to the relevant government agency. Awards are announced at the beginning of the fiscal year. To access the LG budget for capital expenditures, CSOs must collaborate and be invited by the relevant LG agency or section.

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39 There is no specific explanation of the term “not to be provided on continual basis,” though representatives of LGs interviewed generally interpreted it as meaning there should be a one year pause after the first award before an organization can receive a second grant.
**Local government contracts.** With issuance of the recent Presidential Regulation on Public Procurement,\(^4^0\) local CSOs can bid on self-administered contracts or projects where the government agency acts as the financial principal and the CSO acts as the technical implementing agency. This new development opens huge opportunities for CSOs to access the capital fund of APBD, through contracts for services with LGs.

Ten CSO informants (9 local, 1 national) interviewed for this assessment said their CSOs have received APBD funding, and that those monies were for capital funding. The informants said the funding for either resource persons or direct appointments for a public procurement mechanism. No informant interviewed said their CSO had ever received funding under a LG grant or social aid budget. The CSOs able to receive funding from LGs have succeeded because they established a level of trust and good relationships with the LG in question – something that many CSOs have not yet been able to do. Other important factors in successfully accessing APBD funds are building trust with the relevant government staff, a good track record, and familiarity with the government’s fiscal year plan, financial and reporting procedures, and requirements.

### 4.4 VILLAGE LAW

The Village Law of 2014 has implications for the roles of CSOs in civil society. Our analysis of CSO opportunities and challenges is based on several assessments of the implementation of village development, as well as on inputs from our KIIIs. The Village Law requires use of village funds to invest in community-identified productive infrastructure and to provide public services that can reduce poverty and social inequality in Indonesia’s villages.\(^4^1\) In these regards, CSO participation is essential to support involvement of village communities in identifying and planning for ‘productive infrastructures’ and ‘needed public services’ in their villages. Hence, this assessment divides the analysis into two parts: i) the

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\(^4^0\) Presidential Regulation (PR) No. 16/2018 issued in March 2018 amended the PR No. 54/2010 and is simpler than the amended regulation. The new PR also adding one type of self-administered contract which allow CSOs as bidder to this type of contract.

potential roles of CSOs in improving accountability in the use of village funds; and ii) improving community participation in village development.

### 4.4.1 VILLAGE FUND ACCOUNTABILITY

Since enactment of the Village Law, the government has transferred funds to villages in the amount of Rp 128.5 trillion (approx. US$9.8 billion) over the period 2015-2017. According to the Ministry of Finance, these funds have been used to build roads, bridges, and schools, and to provide access to clean water. Moreover, the program has contributed to a reduction in the village Gini coefficient, from 0.34 in 2014 to 0.32 in 2017. However, the number of corruption cases related to village funds and government losses are increasing every year.

The Corruption Eradication Commission (KPK) conducted an assessment of the performance of Village Law implementation to identify weaknesses and risks in the implementation processes that are prone to corruption. The assessment found four flaws in the areas of regulation, implementation, oversight, and human resource capacity. In terms of regulation, the assessment found a lack of technical procedures, overlapping authority, and an absence of regulations for monitoring. These weaknesses have resulted in delays in decision making, overlapping budget allocation and reporting, and no mechanisms for enforcing sanctions in cases of budget surplus (SILPA). In implementation, weaknesses were found in matching the village fund with village needs; a lack of transparency in APB Desa planning and reporting; and no public complaint system. This has resulted in waste of village funds on things that have little impact on the village economy or on poverty reduction. In terms of oversight, the assessment found that there are not enough village auditors to conduct oversight of village fund management. Moreover, there is no sanction for villages that do not implement the recommendations provided by the auditor. Finally, the assessment also found low capacity among the personnel that manage the village funds, and this has contributed to a lack of awareness of possible corruption by stakeholders.

The Ministry of Villages, Underdeveloped Regions and Transmigration (DPDTT) is responsible for effective use of village funds, and performance is measured by achievement in four areas: poverty alleviation; community inclusion; public services; and social gap reduction. DPDTT has recruited 27,000 village facilitators to assist village governments to govern. The aim is to overcome the gap in knowledge and capacity of village heads, who tend to have limited education; approximately 22 percent have undergraduate degrees, while 57 percent and 14 percent, respectively, have only completed senior (SMA) or junior (SMP) high school. Village facilitators are responsible for mentoring village heads in conducting new tasks, such as development of village medium-term plans, writing reports, and organizing village projects. To ensure public participation in village development, DPDTT developed the Village Working Group (Pokja Desa) that includes CSOs to help address problems at the village level, Village Task Force (Satuan Tugas Desa) to monitor the use of village funds. The Pokja was launched in 2016 and planned to have 300 CSO members. Pokja objectives are to: develop useful models for successful village implementation and share those with DPDTT so that they can be replicated in all villages; develop

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44 PP No.8/2016: SILPA more than 30% at the end of fiscal year will result an administrative sanction to Villaga Head.
45 Village facilitator should at minimum has diploma or bachelor degree, with experience on working with local government, organizing inter-village communities and rural areas, knowledge on local customs, culture, and wisdom of the community at the task site, including being able to communicate using local district language, and preferably domiciled in the local area within the scope of the district / municipal duty location.
46 2014. BPS. Statistik Potensi Desa Indonesia.
47 So far there have been no data on the status of 300 CSO candidate members for the Pokja. However Pokja core team are actively working with DPDTT on village facilitator recruitment, training and monitoring evaluation of village performance.
village success stories to be published in the media and shared with other villages; and develop a data bank of useful resources on village development.

On average in 2017, every village received Rp 720 million. Every year the DPDTT Minister issues a decree on General Guidelines and Priority Use of Village Fund for the following year. In general, the priority uses of the village fund is first for village development and second for community empowerment. Included in the category of village development are physical infrastructure development, basic services infrastructure, facilitating village economic activities, environmental protection, and disaster response. Fund allocation for community empowerment focuses on increased community access to basic services, economic growth, and participation in village development. However, in practice the village fund has predominately been used for construction of facilities and infrastructure, with the most common activity being the construction of roads, bridges, and physical structure. The use of the fund for activities such as capacity building, improvement in health and education, and village economic development has been limited. Data from the Directorate General of Fiscal Balance (DJPK) at the Ministry of Finance confirms this (see Table 6).

### TABLE 6 – EVALUATION OF VILLAGE FUND USE, 2015

<table>
<thead>
<tr>
<th>No</th>
<th>Use</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Construction of facilities and physical infrastructure</td>
<td>83.9%</td>
</tr>
<tr>
<td>2</td>
<td>Economic empowerment activities</td>
<td>6.5%</td>
</tr>
<tr>
<td>4</td>
<td>Administration activities</td>
<td>5.7%</td>
</tr>
<tr>
<td>3</td>
<td>Community social development activities</td>
<td>3.8%</td>
</tr>
<tr>
<td>5</td>
<td>Others</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

*Source: DJPK, 2016*

According to an analysis of the village fund and poverty alleviation, the quality of infrastructure and facilities built in villages is low, while the average cost is high due to a lack of surveys on unit costs and minimum requirements on goods and services as part of the bidding process. In addition, maintenance and the usefulness of the infrastructure and facilities were less than optimum because the infrastructure was not built based on the urgent needs of the village/community, but more generally based on the desire of the village elite or village officers. These weaknesses are due to the incompetence of the village facilitators and low levels of community participation in the development of plans and monitoring the use of village funds.

These weaknesses are mostly related to ineffective use of the fund at the village level. In some cases, the priority uses of the funds benefit certain community groups in the village and are often unjustifiable. As noted in the KPK assessment, every stage of the village fund process is prone to risk of corruption, from allocation of the fund during planning (which can be manipulated by certain groups), to nepotism and corruption during implementation of the program, to mark up in the procurement process, and

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49 Village facilitators in the early years of village law implementation are still lacking training and guidance in executing their duties as facilitators.
manipulation of reports due to a lack of oversight. These risks can be overcome to some extent through participation of village community members and CSOs in supporting improvement of the village government system, in compiling information, and in monitoring and providing oversight of village development work and financial management. CSOs with the ability and expertise to act as watchdogs, and to advocate for and provide expertise on transparency of public information, village financial management, and management of community complaints, should be a good match for the needs of village fund accountability.

Problems with village fund accountability were echoed by the assessment informants, who concluded that most problems reflect limited capacity of village officials. Some officials still treat the village fund as their ‘personal’ budget, and develop financial reports to obtain the next phase of funding rather than documenting the use of the funds to provide accountability to the village members and to improve the village economy. In this regards, CSO informants working on village development strategies say that CSOs should encourage village community to critically monitor use of village fund (dana desa).

4.4.2 IMPROVING COMMUNITY PARTICIPATION

This section analyzes the potential role of CSOs in improving community participation in village infrastructure and public services development. Effective community participation requires willingness, capability, communication skills and self-confidence of community members to express opinions and share management of development initiatives which will affect them. The degree to which these factors exist varies greatly across the 74,000 villages in Indonesia, and this is influenced by gender, culture, education, and other social or even political conditions.

Local CSOs can play an important role in overcoming gaps in effective community participation, and together with village communities can provide pressure or demand collaboration with village governments on work in the interest of the community. This will involve a lot of lobbying with village governments and capacity building for community members to raise awareness of their rights and increase their self-confidence in voicing their needs. According to the assessment informants who have worked in villages, these approaches are familiar to CSOs. Local CSOs have been assisting communities with communication skills, self-confidence and awareness — sometimes through direct interventions and sometimes indirectly. For example, a informant mentioned a CSO literacy program for women that helped to increase participation of women in village meetings.

Interviews revealed that, in general, CSOs have been supporting villages in the following areas:

1. Capacity building for village officials on general topics including accountability, transparency, and management skills; as well as capacity building for staff (working in specific sectors) on anti-corruption, entrepreneurship for women, forest management, and cooperatives development and management.

2. General awareness raising and education on the Village Law, including training for community members on the use of village funds and how to monitor development funding.

3. Impact assessments of Village Law implementation in specific sectors (e.g., health, education, access to water, environment, gender).

In terms of interventions at the village level, CSOs have worked in various sectors including education (by monitoring the development of school revenue and expenditure plan, RAPBS); poverty (through development of the Village Information System database as a tool to update information about the
poor); village budgeting (through increased accountability and transparency in the village budgeting process); and work with marginalized groups such as religious or ethnic minorities. While the representation of CSOs working on these sectoral issues is significant, in practice the limited number of Indonesian CSOs cannot reach all 74,000 villages to address the complexity of issues facing each community.

All informants agreed that the Village Law has opened opportunities for CSOs to support efficient allocation of village funds to improve village conditions and benefit village communities, especially the poor and vulnerable. In specific sectors, informants also believe that use of the Village Law is a strategic way to introduce and encourage interfaith cooperation, prevention of violence, and improvement of public services. Villages are also a strategic place for encouraging change. By applying “developing from the periphery”, which means building up regions and rural areas that are socioeconomically behind, village-based development can strengthen the foundation of the country’s economy, accelerate poverty alleviation, and reduce disparities between regions.50

The above analysis has highlighted numerous opportunities for CSOs to work at the village level to improve village fund use accountability and village community participation. These opportunities require several types of CSOs with different types of expertise, particularly advocacy CSOs and service provider CSOs. Examples of assistance these types of CSOs can provide are as follows:

1. **Anti-corruption.** Assist village officials to understand the procedures involved in budget planning, reporting, procurement, and program implementation to prevent corruption. Develop public complaint systems and public information management systems to facilitate public feedback and demand information.

2. **Village Fund use.** Increase participation of village community members in planning and development of APB Desa. Provide training to community members on village budget procedures and cycles, and strategic budget allocation for village development. Advocate for use of village budgets for programs that directly alleviate poverty and increase the capacity of village community members (i.e., economic empowerment and community social development activities).

3. **Collaboration with Pokja.** DPDTT needs support from CSOs to strengthen the capacity of village facilitators, and for development of a knowledge management database on village development. This includes collecting success stories of programs/interventions that can be replicated in other villages, and development of a database of CSOs, a database of funding for CSOs, a database for CSO networks, etc.

In short, decentralization to the district and village level is opening space and opportunities for CSOs to work at province, district, and village levels. CSO informants interviewed all conveyed positive opinions toward decentralization and Village Law implementation. Since decentralization implementation in 2001, CSOs have been shifting their focus significantly to local governance and service delivery, and there has been a proliferation of locally based organizations across the country. This shift has taken place in response to the many policies that have been enacted, and to the associated shift in donor agency program portfolios, which have sought to support Indonesia’s implementation of decentralization.

The recent change in procurement regulations that allows CSO to participate in government tenders will provide fair opportunities for CSOs to compete for government projects, win contracts, and carry

out development projects, and this can support their longer-term sustainability. CSOs need to respond to this new opportunity by strengthening their capacity to understand the relevant government procurement procedures and requirements, as well as the required financial and program reporting.

Villages, districts and cities in Indonesia are strategic places for change. Reforms introduced at these levels can increase local economic development and help villages, districts and cities provide opportunities for increased prosperity, making them attractive places to live and make a living. CSOs can introduce these ideas to regions/provinces and villages and thus help to reduce urbanization and increase rural development. To increase outreach and to reach their clients in districts and villages, CSOs could consider making use of technology, for example by developing ‘CSO Apps’ as a way of communicating or providing training/coaching to their clients in villages and districts. CSOs could also take advantage of the CSO network at the national level to obtain technical assistance on sectoral issues, alternative funding, and management issues.

5. EXTERNAL PERCEPTIONS OF CSOS

This section discusses findings regarding perceptions of Indonesian CSOs by government, private sector, and citizens. Findings are based on interviews with representatives from national and local governments, donor implementing partners, media outlets, and private sector companies. Informants were asked to convey their overall perceptions of CSOs, as well as their perceptions of CSOs’ strengths and weaknesses, effectiveness, funding, and sustainability.

Interviews showed that public perceptions of CSOs in Indonesia are very much based on the type of engagement the public has with CSOs, activities that CSOs are implementing, and media coverage of CSOs. Perceptions of citizens who have never interacted directly with CSOs are influenced by media coverage of civil society.

5.1 PERCEPTIONS OF CSOS BY THE GOVERNMENT

In general, government officials at national and local levels have positive perceptions of CSOs. Government informants noted the important role of CSOs in development by serving as the voice of civil society and as an extension of government programs at the grassroots level. They equally appreciate the commitment of CSOs to community development. Government officials mostly feel that CSOs have assisted them by participating in their programs; especially by helping them to meet the requirement of ensuring citizen participation in Indonesia’s policy development. CSOs and the government are working hand-in-hand to implement development agendas. CSOs can act as development partners for the central and local governments, and they are perceived as helpful due to their knowledge of local issues.

Some GOI informants shared their experience working for the first time with CSOs in early 2000. In the beginning, they were mostly skeptical and cautious given the image portrayed in the media of CSOs as critical of government policies and programs. However, after experiences collaborating with CSOs, they learned that CSOs are effective partners, especially for work that requires reaching entities or communities in remote areas. Some CSOs locations are in the same zone as the target beneficiaries, and the CSOs’ high level of commitment to the program lightened the burden on the national government in achieving the target program.

Another positive example was expressed by a GOI informant in the context of implementation of the Village Law. There are more than 74,000 villages in Indonesia that need assistance from CSOs for their development, especially CSOs that are located in or close to the village, so they can provide continuous
support to targeted beneficiaries. According to an informant from DPDTT, there are many helpful initiatives on village development that have been introduced by CSOs. For example, the CSO Kapal Perempuan provides schooling for women in remote locations, resulting in increased numbers of women who are confident in participating in village meetings. Likewise, the informant noted the commitment of the Christian Evangelical Church in Timor (GMIT) in East Nusa Tenggara (NTT) which actively educates community members in NTT villages to participate in village development planning through village meetings. Since community participation in one of the target achievement in DPDTT, the informant appreciates the CSO’s work.

A informant from the Ministry of Marine Affairs and Fisheries (MMAF) conveyed gratitude for the support from CSOs, especially those using their own budgets. These CSOs are viewed as valuable in filling the budget gap in the ministry and helping to achieve KKP program targets. However, he also criticized the CSO’s approach, which often just involves conducting trainings, meetings and workshops in lieu of direct tangible interventions to solve the real problem; for example, providing alternative fishing practices and tools for fishermen to reduce destructive fishing practices in Indonesia. He also conveyed concerns about the trend among CSOs in choosing their target locations. Instead of working in remote locations that still receive minimum assistance, CSOs often choose to work in areas where other CSOs or donors already are active. In fact, the ministry is in urgent need of the contributions from CSOs in locations that are ‘untouched’ by assistance from the government or others.

LG informants also expressed appreciation for support conducted by CSOs at the LG level. Officials from Gunung Kidul District and Makassar City governments said that they have been working with CSOs since 1999. They mostly appreciate the CSOs’ support in building (new) capacities to address what they perceive as new issues like people with disabilities, violence toward women and children, migrant workers, and ecotourism. Moreover, most LG informants value the fact that CSOs are less bureaucratic than government agencies, and therefore are easy to work with and relatively flexible in terms of meeting government requests. CSOs also often come with new ideas like using IT for village development and providing services to people with disabilities.

LG officials also admitted that many CSOs have changed their approach and have begun to play major roles in collaborating with LGs and providing capacity building to their staff. Responding to this change, and realizing the importance of involving CSOs in public sector activities, Makassar City’s Planning Agency Bappeda\(^{51}\) intends to conduct a mapping of CSOs in their area to identify CSOs’ expertise. The mapping will identify the capacities and scope of CSOs in the metro area in order to prepare for potential collaboration with the city government in the future. During the interview in late 2017, the official said Bappeda had conducted several meetings to develop the design of the mapping initiative and aimed to have the results in 2018. A similar initiative was found in Gowa District, which is applying four criteria for selecting CSOs to engage with: existence of organizational branding and specific expertise; internal (own) budget; effective communication skills of staff; technology literate staff.

On the other hand, some district officials still have concerns about CSO activities. They think that CSOs do not spend enough time harmonizing their programs with district programs and plans. This results in a mismatch in the planning cycle of the district. Other officials also expressed concern about how to distinguish between good, capable CSOs and incapable ones, especially among advocacy CSOs. This type of concern was raised by informants in Bappeda who do not work directly with CSOs but need to approve plans proposed by the technical units of LGs that involve collaboration with CSOs. Another

\(^{51}\) Badan Perencanaan dan Pembangunan Daerah (Local Planning and Development Agency).
concern raised was that programs proposed by certain CSOs tend to prioritize donor interests rather than following the LG development plans, and this projects an image of CSOs that are driven by donors.

In addition, because CSO activities are often project-based and tend to rely on short-term funding, CSOs are seen as unreliable and unsustainable partners by some LGs. This situation makes the CSOs’ interventions less effective and not in sync with government programs. In addition, CSOs often demand transparency of information from LGs, but ironically the CSOs themselves are not transparent in sharing information about their funding and detailed program plans. Other concerns raised by central and local government informants include CSOs’ capacity in program management and use of data. These informants said CSOs often conduct advocacy based on insufficient data and analysis. Another informant said that many CSOs are good in providing verbal input, but are weak in writing technical reports, resulting in ineffective approaches to policy analysis and/or policy advocacy to the GOI.

There is also a growing perception, created by unprofessional CSOs in the regions, that CSOs blackmail LGs and asked for money. This was mentioned by a informant from DPDTT due to the occurrence of this situation in many village governments. He said he has received information from the village head of cases where people pretending to be representatives of CSOs and journalists came to villages to ask for money. Other cases reported include extortion and impersonation of KPK staff to extort money from the village head based on accusations of corruption. Informant from Konsil LSM said that ‘pseudo LSMs’ or fake LSMs are emerging, and these people are involved in criminal practices such as committing extortion or manipulating local government grants and social assistance funds. Such incidents provide negative images of CSOs that extend to the remaining community of Indonesian CSOs.

5.2 PERCEPTIONS OF CSOS BY PRIVATE SECTOR AND MEDIA

Private sector and media perceptions of CSOs vary significantly. For example, an informant from a palm oil company who worked with CSOs on CSR programs said it is not possible to generalize perceptions toward CSOs due to wide variety of CSOs in Indonesia. He also complained about the wide definition of CSOs in the Ormas Law that groups together CSOs that work on advocacy with those involved in implementing programs, and even research organizations. He views this as unfair in terms of the impacts on the public images of these different CSOs because there are good CSOs that are supporting the national development paradigm and there are hardline CSOs that organize protests in the streets and often turned to violence. On the positive side, he values CSOs as good partners for the government and private sector. In the palm oil sector many CSOs serve as implementing partners on the companies’ CSR programs. His company partners with an international CSO to implement a CSR activity to promote education in schools surrounding palm oil mills. In the implementation, the international CSOs work with local CSOs. For another CSR program related to helping smallholder farmers with good agriculture practices, the company implements the program by itself. The company decides between implementing CSR initiatives on its own and partnering with CSOs based on the company’s capability to implement the CSR program. Programs that are outside of their core business and expertise are “outsourced” to CSOs.

Other private sector informants expressed neutral perceptions towards CSOs, though they believe many CSOs view the private sector negatively. These business informants acknowledge CSOs’ expertise in some fields and engage CSOs to conduct evaluations of their CSR programs. Nevertheless, for program implementation, the companies prefer to develop their own foundations to run CSR initiatives, and then to partner with major donors like UNICEF and UNDP. The reason for choosing these donors as implementing partners is because companies need implementers with a good reputation (to project a

good profile and image for the company) and good governance (for quality assurance in program implementation). Furthermore, these companies prefer working with entities that can serve as equal partners rather than having a donor-recipient type of relationship. By partnering with agencies such as UNICEF and UNDP, they obtain in-kind benefits like networks, development tools and strategic approaches – things they value as important for their foundations’ sustainability.

Another informant stressed that Indonesian CSOs have been missing a lot of opportunities to work with private sectors in Indonesia. Many CSOs, with the exception of the large, well known CSOs, do not want to invest in publicly promoting their organization. Therefore, there is a lack of updated information on the track records, reputations, and financial performance of these CSOs. Many CSOs do not even update their website, and they pay little attention to their branding and positioning in the market. They do not invest in communication strategies to build their reputation. Although informants are aware of the limitations of CSOs’ resources, they think CSOs should invest in their public profiles. One of the many benefits companies expect from their CSR programs is an improved public image that in turn will increase sales and profits. Therefore, quality assurance of the CRS programs is their number one priority. However, CSOs are not sensitive enough to respond to market conditions and submit proposals for activities that are not in line at all with companies’ objectives, or the CSOs position themselves as beneficiaries rather than equal partners. This has resulted in many companies developing their own CSOs to manage their CSR programs.

Informants from media said their perspectives of CSOs depend on the performance of individual CSOs in each instance. As such, their perceptions are divided. First, they have positive views of good CSOs in Indonesia and perceive them as important entities to counterbalance the power of the state, and to advocate for reforms. However, they also say there are some CSOs that are not worth featuring in their reporting due to their unprofessionalism and the lack of credibility in their work. One informant noted the example of CSOs conducting protests or demonstrations with no clear objectives as an activity that is perceived as negative and not worth featuring in the media. Regarding “good” CSOs, media representatives said they prefer to partner with CSOs that they have worked with before as sources for their news reporting, and from whom information provided has proven to be useful.

This assessment found two main types of interactions between media outlets and CSOs. The first is when CSOs act as a source of information to strengthen media stories and news reporting, and the second is when the media feature CSO programs and success stories in their reporting. As sources for information, most informants already have their own ‘go to’ list of CSOs; for example, LBH on issues related to law, ICW on corruption issues, Kontras on human rights, and WALHI and Greenpeace on the environment. Some informants said that there is not enough regeneration on the CSO side to spread technical expertise to other CSOs.

In terms of featuring CSO programs and success stories in the media, only a small number of informants reported that they had done this. One informant reported doing it as part of a collaboration with an international CSO, where they were tasked to write success stories of certain Indonesian CSOs working on sustainable fisheries. Another informant from the national media said that CSO do not make enough use of the media to benefit their work in areas such as policy advocacy. He believes that CSOs should use the media as one a platform to voice their opinions, and this is done by dealing and negotiating with the media head office staff.

Currently most CSOs deal with journalists in the field and have little influence on published stories. These CSOs are satisfied by simply getting in the news as opposed to working with media representatives to develop more in-depth news stories. Media informants said it seems like CSOs target
engagement with the government and do not focus on the media. As a result, the media is limiting their efforts to just press releases.

Another informant said CSOs should work more with the media and referred to an effort introduced by a project on orangutan conservation in which the media and CSOs collaborated to develop a communication strategy to support conservation of orangutans in Indonesia. The informant believes that this type of collaboration should be replicated in other sectors, because the media can play a significant role in forming and influencing public attitudes and behaviors. Through the media, CSOs can draw people’s attention, increase their awareness and prompt responses to priority policy and/or advocacy issues. Such media attention can positively influence public opinion, and prompt debate and more urgency for reform within the government.

Informants also view that the characteristic of CSOs formed by the type of approach, whether it’s advocacy or direct engagement and capacity of the CSOs. Advocacy CSOs tends to be outspoken and visible in public through one among other street rallies, and engagement type of CSOs are less visible and focus on their work. Advocacy CSOs without strong capacity and innovation can easily fall into ‘opposition’ and demonstration minded CSOs, said a informant. While good advocacy CSOs do not have to put themselves always as opponent to their target group. They should be able to find other, more constructive strategies.

5.3 OTHER PERCEPTIONS OF CSOS

The 2017 Edelman Trust Barometer gave a score 64 for public trust of CSOs in Indonesia in 2017. Edelman’s Trust Barometer is an annual global survey which measures attitudes about the state of trust in business, government, CSOs and the media. A score of 60 to 100 falls within the trust category, 50 to 59 is neutral, and 0 to 49 reflects distrust. Therefore, the 2017 score shows that, in general, the Indonesian public still trusts Indonesian CSOs. This score is somewhat consistent with the assessment findings showing that informants have positive perceptions of CSOs in general, although some conveyed concerns about some CSOs that focus on advocacy and often organize public advocacy campaigns and rallies in the street and disrupt people’s lives.

In contrast to Edelman Trust Barometer score, the public image dimension of the 2016 Indonesia CSO Sustainability Index gave Indonesia a score of 4.3 on a scale of 1 to 7 (with 1 being the highest score, representing a CSO with an impeccable public image, and 7 the worst, or opposite, score). The 4.3 score falls under the category of “evolving CSOs,” as explained below:53

“The media does not tend to cover CSOs because it considers them weak and ineffective, or irrelevant. Individual CSOs realize the need to educate the public, to become more transparent, and to seek out opportunities for media coverage, but do not have the skills to do so. As a result, the general population has little understanding of the role of CSOs in society. Individual local governments demonstrate strong working relationships with their local CSOs, as evidenced by their participation in advisory committees, consultations, public-private initiatives, and the funding of an occasional grant, but this is not yet widespread.”

According to the CSO Konsil LSM, which develops the CSO Sustainability Index in Indonesia, the Public Image score for 2017 was the same as 2016. The reason for this stagnation is a lack of in-depth description about the roles of CSOs in the media. Instead of reporting on the role of CSOs to address development issues, the media focus mainly on the news, with CSOs in the background to complement

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53 USAID CSO Sustainability Index for Asia, 2016.
the story line. Thus, CSO representatives comment on the news, but CSOs are not reported as actors of change in resolving the challenges. The reasons for this are described in the subsection on perceptions of the media towards CSOs, but one of the main reasons may have something to do with uncertainty in the media about whether or not the public are familiar with CSOs, except for big established ones like WWF, WALHI, Kehati, and ICW.

The broad definition of CSOs in the Ormas Law also shapes citizens' views of CSOs. The law defines Ormas as "all types of organizations established voluntarily by Indonesian citizens, on the basis of common activities, professions, functions, religions and belief in God, to actively participate in development to achieve the national goal of Republic of Indonesia with Pancasila as the basis principle". The law excludes organizations established by the GOI, such as the Boy Scouts (Pramuka), civil service organizations (Korpri), and organizations working on economic activities (cooperatives, limited liability corporation, etc.). The Ormas Law definition includes all organizations with or without legal entity status, including foundations and associations.

A poll by Kompas in 2015 in 12 large Indonesian cities found that CSOs are still accepted by the public. The majority believe CSOs are able to bridge the interests of the people and the state. From the summary of opinions gathering by Kompas, it was concluded that in general the public tends to be divided in their views on the role of mass organizations. Slightly more half of the public polled (52.2 percent) said the role of CSOs today is more positive than before the reform era, while all the rest of the public think otherwise.

A informant from a DPRD said that CSOs play a very important role as an extension of the government, especially in Papua where CSOs provide access to health care, resolve customary land (tanah adat) conflicts, and provide access to water and sanitation in remote communities. Unfortunately, the perceptions of many DPRD members toward CSOs are not as good. CSOs are perceived by many local parliamentarians as the opposition, and thus, their enemies. (The informant with a positive opinion was a CSO member before joining the DPRD.) There is a growing number of legislative members and leaders coming from CSOs and NGOs, which should help to open the eyes of government officials and legislatures, thereby improving the reputation of CSOs within this group. In the meantime, increased interactions between CSO representatives and government officials and DPRD members is necessary so that both parties become more familiar with each other's roles and intentions.

The majority of informants from donors and implementing partners believe CSOs are important program partners. CSOs cover the full range of development issues and have performed advocacy or delivered services to government agencies and communities in just about every sector. However, the number of CSOs that specialize in specific sectors and also have good technical capacity is small; as such, donors and implementing partners often end up working with the same CSOs in a given sector.

This assessment cannot provide an exact reflection of perceptions of CSOs among Indonesia’s 260 million citizens. Instead, we provide a sample of perceptions from a selected group of citizens, based on their knowledge, interactions, and experience working with CSOs. The perceptions of informants in this assessment reflect their views of the CSOs they have been dealing with, encompassing large, well-known organizations as well as smaller CSOs around the country. Another factor that influences the perception of this group of informants is the definition of a CSO. The definition in the Ormas Law is very wide, and thus it potentially includes hardline organizations that promote violence in their advocacy efforts, along with CSOs working on community development or conducting research. This broad definition requires

informants to separate their answers in order to differentiate their perceptions toward “good” and “bad” CSOs.

A uniform perception conveyed by informants is that, overall, CSOs are strong in advocating on issues and in mobilizing communities, but some CSOs still have weak management and technical skills (i.e., at levels below informants’ expectations). These perceptions result in some distrust of CSOs among GOI, private sector, and media representatives, especially of CSOs with which they are not familiar. Hence, collaboration with these ‘new’ CSOs would require due diligence, which is challenging since many CSOs do not have good documentation on their track records, technical expertise, and financial performance. This need for due diligence limits opportunities for new CSOs with limited credentials; informants tend to end up dealing with the same CSOs again and again.

6. CSO SUSTAINABILITY

This section discusses the status of CSO sustainability in Indonesia. The assessment team assessed sustainability by cross-referenced input from informants with the results of the USAID CSO sustainability assessment described below. In addition, we drew lessons from sustainable CSOs on how to improve overall viability of their fellow Indonesian organizations.

6.1 STATUS OF CSO SUSTAINABILITY

In 2016, USAID conducted a CSO sustainability assessment for Indonesia using seven dimensions of sustainability and scoring CSOs on a scale of 1-7, with 1 indicating the most sustainable and 7 the least. This assessment gave Indonesian CSOs a score of 4.1, indicating an evolving stage of sustainability over the period 2014-2016. In 2016, scores for organizational capacity, service provision, and advocacy were 3.5-3.9, indicating that the policies and practices of CSOs in these areas had moderately enhanced their organizational sustainability.55 In contrast, scores for financial viability, legal environment, infrastructure, and public image ranged from 4.2-4.5, indicating less progress toward sustainability.

Findings from the USAID in 2016 are consistent with the findings of this CSO assessment. Per Question 2 above, the framework for CSO establishment, legality, and accountability has been established, although implementation varies across organizations. The quality of operational and financial management depends on internal capacity, systems, and funding. Findings under Questions 3 and 4 confirm that Indonesia has created policies enabling CSOs to operate legally on a full range of issues, with opportunities for funding and collaboration at the national and sub-national levels. Moreover, CSOs are developing an overall positive image among external stakeholders (Question 5) as potential implementing partners for GOI, the private sector, and communities due to ability of CSOs to advocate on and mobilize society around certain issues. Still, CSO management and technical skills, program design, and adaptive capacities need to be improved.

To elaborate factors influencing CSO sustainability, this assessment drew lessons from sustainable CSOs at both the national and local levels. These CSOs have long operational experience and financial stability. They were chosen based on discussions with key informants who are CSO experts. Representatives were interviewed from five successful CSOs working on different issues: the environment, democracy, family health, knowledge management, and agriculture. Two are local CSOs. Interviews with these CSOs revealed factors influencing sustainability, including startup-assets and investment strategy, leadership,

55 CSO Sustainability Index 2016, USAID.
positioning, funding diversification, staff management, accountability and integrity, and networks. These factors are interrelated.

**Start-up assets and investment strategy.** Successful CSOs tend to have large start-up assets, such as an endowment fund and competent founders, and a profitable investment strategy. For example, a CSO focused on environmental issues has successfully operated for more than 20 years and managed more than US$200m over this period. Two of the most important assets for this organization are its endowment fund and competent founders. This organization was initiated by several prominent Indonesian environmentalists, including one who was a government minister in the 1990s. This organization received around US$21m from an international donor at establishment, of which US$3.5m was allocated as startup capital (i.e., for capacity building and office operation), and US$16.4m for its endowment. Competent founders have helped this organization to access new grants. Moreover, the startup fund allowed the organization to offer low overhead costs when bidding on grants, which increased their bargaining position compared to other competitors. There are other two national CSOs which were established by skilled founders and which had sufficient start-up funds. These two CSOs have been operating since the 1950s. One CSO was initiated by six doctors affiliated with an international organization — the Indonesian Planned Parenthood Federation — which become the CSO’s major donor. Another CSO was developed by founders who had good relationships with government officers and private companies, and this allowed them to strengthen cooperation with government agencies and the private sector.

Nevertheless, these types of start-up assets are not enough. The four aforementioned CSOs have learned that without an investment strategy, their assets do not provide a continuous income. A key informant mentioned that, in addition to continued funding, it is important to have an independent source of income. For example, after trialing several investment strategies, an environmental CSO invested in the capital markets, and this source of income now makes up more than 20 percent of its annual budget. An agriculture focused CSO has invested in agricultural businesses, including cooperatives, a bank, magazines and e-commerce websites. A CSO focused on family health also developed business units which now make up 70 percent of its annual budget. At the local level, a CSO working on knowledge management is an example of CSOs that owe their sustained operations to a significant extent on effective asset management. This local CSO was initially a knowledge management unit founded by the World Bank. However, the managers have used this asset to attract more funding and expand their programmatic reach. As an ex-World Bank entity, this organization has been involved in high-profile projects funded by agencies such as UNICEF, GIZ and Australian Aid. Similarly, a CSO in Kalimantan was founded by well-known activists. Although this organization started with limited funds, the founders had the ability to expand their networks and improve organizational accountability by complying with donor standards. The organization is also able to focus their operation and seize alternative funding opportunities, which have been keys to their success. Informants from this CSO explained that cooperation with local governments is one strategy to continue their operations.

On the other hand, some CSOs that started with large amounts of funding are struggling, as they have not been able to invest their funds profitably. For example, a CSO in West Java started by working on large projects funded by international donors. However, revenues were not invested, with the majority used to cover operational costs. Other CSOs have started with limited funds, as exemplified by some in the southern part of Indonesia. They used to work on small projects and could not accumulate sufficient fees from the projects.

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56 Per key informant requests, the names of unsuccessful CSOs are not revealed.
Leadership. Successful CSOs are marked by effective and visionary leaders and the application of a system to maintain quality leadership. These visionary leaders generally work as executive directors or as board members. While many organizations owe their existence and success to the vision, networks, and efforts of these leaders, the concentration of executive direction and CSO management in a single person can create difficulties for CSOs looking to evolve in an ever-changing landscape. There are numerous examples of CSOs floundering or even closing following the departure of a founding leader.

This assessment found that sustainable CSOs have leaders who possess clear visions that can be implemented, effective management skills, and the ability to create networks. A CSO that focuses on agriculture, for example, was founded by leaders with a clear vision that the CSO would develop expertise in agricultural development. A key informant from this organization mentioned that since the beginning the founders have delivered on this vision by designing projects focus on various agriculture issues such as microfinance, communication media and farmers. Similarly, the founders of a CSO working on family health focused the direction of the organization on the issue of family planning, while the founders of a CSO working on environmental issues have determined to develop the organization into a funding and grant management CSO in the biodiversity sector. Leaders of a local CSO working on democracy were very clear in deciding that the organization would work on and advocate for social justice. The leaders of another local CSO that focuses on research have similar characteristics. Key informants from these organizations emphasized that their leaders articulate their visions into clear and strategic development planning documents for the organizations. Moreover, there is clear division of responsibilities between board, executive, and management personnel. In such CSOs, the board’s role focuses on long-term planning, building networks, and obtaining funding, while management focused on program implementation, operations, and other technical issues. Many of the more consistently stable CSOs also limit the terms served by leaders (e.g., 3-5 years per term for a maximum of two terms).

In some organizations, directors are elected through open recruitment, as seen in one environmental CSO. Also, these organizations have a clear distinction between the roles of board members and director (implementers). This regulation is clearly stated in their AD/ART.

On the other hand, some unsuccessful CSOs had dominant leaders but no clear succession strategy. From assessment interviews with CSOs, we learned that more than 40 percent of our sample (24 of 56) did not have a leadership succession plan, due primarily to the presence of dominant figures in the board or director’s chairs and/or the lack of qualified replacement candidates. This situation results from a lack of long-term strategic planning by the organizations and their leaders. Also, key informants explained that leaders in these organizations are characterized by a “one-man show” style of leadership. Another informant from a CSO in Jakarta mentioned that funding for their organization relies heavily on the network of one of its board members. When this member leaves, the organization will collapse.

Positioning. CSOs that have operated for a long time tend to focus on specific issues, whether they work nationally or in specific regions of the country. They mainly work on one issue that extends to a wide range of sectors. This position is reinforced by consistent actions, branding, and messaging. With this strategy, these CSOs develop increasing knowhow and program capabilities. As a result, their position is recognized by partners and donors and they are able to expand their income sources.

An informant from an environmental CSO explained that they began by working on forest governance projects, and the organization then positioned itself as one with expertise in biodiversity. Biodiversity is a specific issue but applies a variety of environmental sub-sectors, from biodiversity in forests and other landscapes to seascape. As a result, the organization has expanded its portfolio to marine areas such as coral conservation and sustainable fisheries. Moreover, an agricultural CSO positioned and promoted their foundation as having expertise in agricultural development, including the economic, social and
governance aspects. As a result, it has developed fourteen private companies that provide consulting and other services in areas including media, microfinance, and e-commerce — but all related to agriculture. Other examples of CSOs that have applied this strategy include a family health CSO and three local CSOs working on social justice, knowledge management, and social research.

Informants from CSOs focused on local CSO empowerment, and one from a philanthropy organization, mentioned that one of the key factors contributing to the failure of some CSOs was unclear positioning. These CSOs could not come up with specific issue to work on. They further explained that this situation can be traced back to boom in the number of CSOs in the late 1990s. This was due to a growing number of grants from both the government and international donors. Many of the CSOs worked on any kind of project, without a clear focus. They become expert in nothing. Some informants said CSOs with financial problems also have an unclear focus. For example, a CSO branded its organization as expert in environmental conservation and religious tolerance, two different issues. An interview with a representative of this CSO revealed that the CSO has had difficulties obtaining projects and covering operational costs. They usually are given projects from national CSOs based in Jakarta due to personal relationships.

Funding. One aspect of CSO sustainability is a continuous and diverse source of funds to cover core operational costs (staff, office, communications, IT) as well as programs. Most CSOs rely heavily on international donor funds to cover these costs (see Table 4 above). The assessment found that very few CSO have funding sources other than from donor-funded programs. One interviewee said that research and advocacy CSOs have particular difficulty obtaining funding from sources other than donors, unlike CSOs that have community-based interventions, as the latter can more easily generate income from their entrepreneurial activities.

The most common non-donor funding sources cited by the CSO informants are CSR programs, membership fees, philanthropic organizations, crowd funding, social entrepreneurship, and government agencies. However, few CSOs have accessed these sources. AMAN, CEDS UNPAD, and Indonesia Mengajar have received funds from the private sector, while Dompet Dhuafa and ICW have successfully used crowd funding. While all of these CSOs agree about the potential of non-donor sources of funding, in practice they rarely obtain more than 10 percent of their funding from such alternative sources.

As noted above, funding from contracts and grants from local governments are potentially accessible to CSOs. However, the informants interviewed noted the difficulties in securing such funding and in complying with the associated rules. Moreover, local government funding is small and relatively management-intensive compared to funding from donors, the private sector, and philanthropic organizations.

Few CSOs have diversified their funding sources. Those that have combined donor and non-donor funds are mostly sustainable, but it depends on the amount received from non-donor sources. A family health CSO and an agriculture CSO receive revenues from their business units and from donors. An environmental CSO has invested in capital markets to supplement donor funds. For these three CSOs, non-donor income makes up between 20 and 70 percent of their total annual budget. Some local CSOs have tried to diversify their funding through consultancy services. Though they did not mention the number, these services have increased their annual income. Other CSOs have used crowd funding. However, this source of funding makes up a small portion of their annual budget (approximately 10 percent or less). Most CSOs have realized the importance of diverse funding sources. However, some of them are still figuring out the types of business units that are suitable for their organization. For example, a CSO working on HIV-AIDS has engaged private companies to implement social marketing programs. However, this organization is still assessing whether this approach is beneficial or not.
Looking more specifically at sustainability, informants from most of the CSOs sampled said their CSOs have not secured funding for their long-term efforts, and often have no specific approach to secure longer-range funding in their strategic plans. One exception is AMAN, which reserves 2.5 percent of all revenues for its internal endowment fund.

**Staff management.** Operational and programmatic continuity also requires a stable supply of qualified staff. What distinguishes the more sustainable CSOs in this area are policies and procedures to attract, hire, and retain such personnel. Sample policies or actions include organizational charts and position descriptions, with responsibilities and performance metrics clearly defined; competitive salaries and benefits; and professional development programs.

CSOs with these attributes have less staff turnover and smoother transitions when people leave. Smaller CSOs, which may have more limited programmatic scopes, will often adjust the size and composition of their operational and management teams based on their program portfolios, and thus their funding. For example, IAC told the assessment team that they were in the process of restructuring their management from project- to organization-based. The new structure, IAC claimed, will strengthen their continuous position as an advocate on HIV and AIDS issues.

Other CSOs have arranged their management structures based on overall organizational needs, whereas the management structure of some local CSOs remains project-based.

**Accountability and integrity.** Accountability is one of the keys to CSO sustainability. Informants said CSO accountability requires good governance, credible financial systems, transparent information, development of human resources, clear compliance mechanisms, and minimization of personal interests. Informants claimed that accountable CSOs are trusted by the public, and this opens the way to funding opportunities. Moreover, to obtain public funding, financial credibility is a must.

In practice, informants said that CSOs have financial systems based on donor, international and local standards. Indonesia has accountability compliance standards that can be used by CSOs registered as foundations, as regulated by Law No. 28/2004. They must, for example, submit annual audited financial and program reports. However, not all CSOs have complied with the law’s requirements, since there is no monitoring by the GOI. In many cases, most CSOs only comply with donor requirements tied specifically to their program funding, and few CSOs have made their financial and program reports publicly available. On the other hand, successful CSOs share their reports on their websites which can be accessed by the public. They also comply with reporting regulations as stated by the foundation law. These CSOs confirmed that at minimum, a transparent financial and program report is essential for the public to measure CSO accountability. Donors, both international and local, take into account CSOs’ management of funds, with a focus on their financial management systems. One CSO focused on environmental issues said that learning the rigid financial and management systems used by one international donor gave them the ability to comply with most international donor standards.

Dependency on donors as the main source of funding has forced many CSOs to rely year-to-year on income based on project timeframes. Once the projects end, they can sometimes hardly continue their operations. This situation has impacted their ability to employ staff and to ensure the capacity required for program activities. As a result of pursuing donor projects, some of these CSOs were forced to realign or shift their missions in response to donor preferences. In the worst cases they have abandoned their missions for financial continuity, but later could not maintain the focus of their work, lacked clear

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57 Interviews with Konsil-Ism, Filantropi Indonesia, KEHATI, Bina Swadaya.
positioning, and struggled to maintain accountability. These problems have damaged the reputations of CSOs in the eyes of the general public, the private sector, and the government. Echoing concerns about this finding, informants from most CSOs involved in this assessment mentioned the importance of their organizations being consistent in their areas of expertise and mission – something the informants see as an important part of their CSOs’ organizational integrity.

**Networks.** CSO networks are essential for engaging stakeholders, identifying partners, forming issue-based coalitions, and securing funding. In turn, networks can improve CSO organizational and technical capacity and open access to funding sources. Most CSOs have strong networks among CSOs, which enables exchange of information. CSOs have also created networks with various entities including government agencies at the local and national levels, the private sector, and international donors. However, successful CSOs tend to create networks with high-profile entities. For example, some successful CSOs have good relationships with decision-makers in some ministries, as well as with international funding agencies and private sector actors. On the other hand, CSOs who have difficulties with sustaining their operations mainly have limited networks with grants managers, not the donors. Diverse network per se do not guarantee access to sources of funding, however. In many cases, a network is also about who, not only how many. Key informants mentioned that the ability to obtain significant funding is influenced by relationships with decision-makers in the funding agencies, in addition to a reputation for accountability.

Apart from funding, informants said networks have enabled many national and local CSOs to collaborate on advocating common policy priorities (e.g., through ad hoc coalitions), replicate interventions in new provinces or districts, and increase technical skills in delivering programs. In turn, these actions increase CSO capacity and expand opportunities for collaboration with other CSOs.

Some CSOs argue that high-profile networks are usually achieved by CSOs located in Jakarta where the main funding agencies are located. However, two local CSOs, one working on democracy and one on knowledge management, are examples of local CSOs that are receiving continuous funding. These two CSOs have positioned themselves as partners of large Jakarta-based development organizations such as UN agencies, World Bank, and Asian Development Bank, as well as large CSOs such as ICW. These local CSOs also can utilize opportunities created from decentralization to collaborate with government agencies.

Informants also argued that to improve and expand networks of local CSOs, it is important for them to link with intermediary organizations that can provide funds and increase CSO capacity. For example, Kehati focuses on working with CSOs on grant management, while Indonesian Philanthropy, a national organization, has access to alternative funding sources for CSOs such as philanthropic organizations, alms, and other donations for charity. Konsil LSM provides an accountability and ethics code of conduct of CSOs, and Pena Bulu provides guidance on financial accountability for CSOs. There are also other issue-based CSOs that can be used as intermediary organizations on specific issues such as IAC on HIV-AIDS and C-SAVE on CVE. Although new, these two organization are in the process to strengthening and expanding their networks of CSOs and other stakeholders in their focus areas.

In summary, at present Indonesian CSOs are still suffering from several factors that inhibit sustainability, ranging from limited resources and weak organizational management to low technical capacity. However, there are many CSOs that have sustained their operations and overcome these challenges. Important factors that are key to achieving sustainability range from developing strategies for managing funds and maintaining networks to improving capacity and brand positioning, among others. CSOs should build a network among themselves as a strategy to improve their capacity and mitigate against the loss of funding should donor support decrease.
III. CONCLUSIONS

The findings of this assessment indicate that Indonesian CSOs have played important roles in supporting reforms in Indonesia. The policy environment for their operation is relatively conducive, with several limitations that can be fixed through improved implementing regulations and regulation enforcement. CSOs should take advantage of decentralization at the district and village levels and work with reform leaders to make a difference. The capacity of CSOs across the nation is uneven, as many still suffer from limited resources, low technical expertise, and limited management capacity.

1. Non-membership based organizations are the predominant type of CSO in Indonesia, at both the national and sub-national levels. Moreover, most CSOs are issue-based, working on one or a few priority policy or social welfare topics.

2. Indonesian CSOs perform one or a combination of four core functions on behalf of their constituents and/or membership: advocacy, service provision, community mobilization and empowerment, and research.

3. Some of the common challenges that Indonesian CSOs must overcome in order to achieve their missions include limited funding, inefficient organizational management, lack of technical expertise, weak networks, dependence on individual charismatic leaders, and financial management.

4. Most CSOs receive the majority of their funds from international donor agencies. Other sources are more limited or entail specific obstacles in terms of accessibility and management. This reliance on donors for funding can influence programmatic focus and administrative systems of the CSOs, which naturally gravitate toward the requirements and preferences of their funding entities, leading to issues of independence and responsiveness to their constituents.

5. Funding challenges stem from several aspects, including availability, eligibility, and compliance. Funding is often short-term or project-based, creating difficulties for organizations seeking long-term funding for core operations such as staff, facilities, equipment, and communications.

6. Funding availability is hampered by the lack of financial incentives for private companies or individuals to donate money to CSOs. Indonesia has not enacted tax breaks or other measures that would encourage contributions to CSOs or charitable organizations, similar to laws and regulations in other countries.

7. Another organizational challenge for CSOs is human resources management. Most CSOs face difficulty attracting, hiring, and retaining qualified personnel — especially younger staff.

8. Indonesian law provides a solid foundation and generally unfettered environment in which CSOs can operate – from legal status, to freedom of partnerships, to funding availability and eligibility. Overall, this operating environment is significantly more conducive than in previous years. There appears to be broad-based support from government and the public to maintain the role of civil society per the functions these groups perform.
9. Decentralization in Indonesia has led to CSOs shifting their focus significantly to local governance and service delivery, and to a proliferation of locally based organizations across the country. This shift has taken place in response to the many policies that have been enacted, and to the associated shift in donor agency program portfolios, which have sought to support Indonesia’s implementation of decentralization. Overall, decentralization has had a positive, empowering impact on civil society in Indonesia. This impact has increased even more with the enactment of the Village Law of 2014.

10. External perceptions of Indonesian civil society by government, the private sector, the media, donor agencies, and the public are positive overall. Most stakeholders see specific and useful roles that CSOs can and should play to enhance Indonesia’s development and governance. These perceptions represent a major shift in society’s viewpoint over the past 20 years. CSO weaknesses perceived by external groups mirror those identified by the CSOs themselves, including technical and management capacities.

11. Achieving sustainability remains the overarching challenge for nearly all CSOs in Indonesia. Sustainability is tied to funding, management, human resources, and the ability to adapt and manage. There are instances of CSOs that have been able to sustain effective operations while remaining true to their missions, but these remain more examples than models given the specific nature of each organization, its operating context, and the variability of CSO situations and objectives across Indonesia’s geographic and policy landscape.

**IV. RECOMMENDATIONS**

The following recommendations address the needs of Indonesian CSOs, based on the findings of this assessment and previous assessments by USAID and others. The recommendations are made generally for any relevant parties to follow up. Some target the CSOs themselves, while others target donors, government, or other stakeholders who work with or seek benefits from civil society.

1. A clear government classification system is very much needed for CSO mapping in Indonesia so that donors in the future can provide support based on a unified, reliable and comprehensive CSO database.

2. Steps should be taken to increase the capacity of Indonesian CSOs, not only in basic management and organizational areas (e.g., technical skills, financial management and accountability, human resources management, M&E), but also to improve their abilities to present ideas in a compelling and professional manner (written or oral) for the purposes of advocacy, fundraising, and public awareness. A particular focus should also be placed on enhancing CSO leadership development and long-term strategic planning, including succession planning.

3. Donors and the government should work together to help CSOs address these challenges, helping to make them more effective advocates and service providers by providing technical assistance to improve organizational management, build technical capacity, and diversify funding opportunities.
4. Donor support to CSO programs via grants or contracts should include capacity support and funding for core CSO operations, to enable organizational strengthening in parallel with implementation of technical activities.

5. CSOs should focus more on their downward accountability to constituents and members, balancing the current focus on the priorities and administrative requirements of their funders.

6. CSOs should take steps to explore ways to diversify their resource bases. While the use of donor funding can be effective and can align with achievement of an organization’s mission, such funding is uncertain and often difficult to obtain through competitive processes. CSOs should explore the feasibility of domestic funding – public or private – and take appropriate steps within their organizations.

7. To encourage collaboration among CSOs and expand CSOs’ outreach and coalition opportunities, donors and CSOs should work together to develop a network system for sharing information, capacity building tools and best practices. CSOs in districts and villages would benefit from such a network.

8. Donors should also support creation of an independent accreditation system to ensure and raise the quality of CSO services, accountability, and organizational effectiveness.

9. The private sector should adopt or follow established procedures to link their CSR or social investment efforts to aid effectiveness standards, and to actively engage national and local CSOs in their program implementation.

10. The GOI should develop and enact incentive measures to encourage funding for CSOs from philanthropic organizations, private corporations, and the general public.

11. Through the National Public Procurement Agency (LKPP), GOI should support implementation of the recent public procurement regulation that allows CSOs to bid for government contracts, by conducting training and developing help desk support for CSOs.
REFERENCES


Asian Countries. Social Insight Research Series. Lien Centre for Social Innovation Reports.


### ANNEX I: LIST OF CSOs INTERVIEWED

#### Jakarta

<table>
<thead>
<tr>
<th>No.</th>
<th>CSO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pattiro (Pusat Telaah dan Informasi Regional)</td>
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<tr>
<td>2</td>
<td>Fatayat</td>
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<tr>
<td>3</td>
<td>Aliansi Masyarakat Adat Nusantara (AMAN)</td>
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<td>4</td>
<td>ANBTI (Aliansi Nasional Bhinneka Tunggal Ika)</td>
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<td>5</td>
<td>LKNU (Lembaga Kajian Nahdatul Ulama)</td>
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<tr>
<td>6</td>
<td>Farmer Initiatives for Ecological Livelihood and Democracy (FIELD)</td>
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<tr>
<td>7</td>
<td>Jaringan Pemantau Pendidikan Indonesia (JPPI)</td>
</tr>
<tr>
<td>8</td>
<td>Indonesia Mengajar (IM)</td>
</tr>
<tr>
<td>9</td>
<td>Aliansi Jurnalis Independen (AJI) Jakarta</td>
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<tr>
<td>10</td>
<td>Asian Muslim Network Indonesia</td>
</tr>
<tr>
<td>11</td>
<td>Perkumpulan Prakarsa</td>
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<tr>
<td>12</td>
<td>Fitra</td>
</tr>
<tr>
<td>13</td>
<td>CHEPS FKM-UI</td>
</tr>
<tr>
<td>14</td>
<td>ICW (Indonesian Corruption Watch)</td>
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<td>LPEM UI</td>
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<tr>
<td>16</td>
<td>PKBI</td>
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<td>PUSAD</td>
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<td>FSGI</td>
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<td>22</td>
<td>Bina Swadaya</td>
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<td>Dompet Dhuafa</td>
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<td>Lembaga Kajian dan Pengembangan Sumber Daya Manusia (Lakpesdam) NU</td>
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<td>27</td>
<td>The Indonesia International Education Foundation (IIEF)</td>
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<tr>
<td>28</td>
<td>YIPD</td>
</tr>
<tr>
<td>29</td>
<td>The Wahid Foundation</td>
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#### Makassar

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<tr>
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<td>Yayasan Pengkajian Pemberdayaan Masyarakat (YKPM)</td>
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#### Bandung

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<tr>
<td>2</td>
<td>CEDS</td>
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<tr>
<td>3</td>
<td>BIGS (Bandung Institute of Governance Studies)</td>
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<td>4</td>
<td>Sapa Institute</td>
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### Yogyakarta

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<tr>
<td>2</td>
<td>Dian Interfidei</td>
</tr>
<tr>
<td>3</td>
<td>Institute for Research and Empowerment (IRE)</td>
</tr>
<tr>
<td>4</td>
<td>Rifka Anisa</td>
</tr>
<tr>
<td>5</td>
<td>Indonesian Consortium for Religious Studies (ICRS)</td>
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<tr>
<td>6</td>
<td>Aliansi Masyarakat peduli pendidikan Yogyakarta</td>
</tr>
<tr>
<td>7</td>
<td>Lembaga Kajian Islam dan Sosial (LKIS)</td>
</tr>
<tr>
<td>8</td>
<td>Pusat Kebijakan dan Manajemen Kesehatan (PKMK)</td>
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<tr>
<td>9</td>
<td>Institute for Development and Economic Analysis (IDEA)</td>
</tr>
<tr>
<td>10</td>
<td>FKUB (Forum Kerukunan Umat Beragam) Yogyakarta</td>
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### Bogor

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### Pontianak

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<td>2</td>
<td>LEKAT (Lembaga Pengkajian dan Penguatan Kapasitas)</td>
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<td>3</td>
<td>ICDP (Institut Pengembangan dan Pemberdayaan Masyarakat)</td>
</tr>
<tr>
<td>4</td>
<td>FKPPA (Forum komunikasi Para Pimpinan Agama)</td>
</tr>
<tr>
<td>5</td>
<td>Ilalang Papua</td>
</tr>
<tr>
<td>6</td>
<td>ALDP (Aliansi Demokrasi untuk papua)</td>
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ANNEX II: LIST OF OTHER ORGANIZATIONS INTERVIEWED

**Government Ministries, Local Government Units, and State Institutions**

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<td>2</td>
<td>Dinas Pemberdayaan Perempuan dan Perlindungan Anak (DPPA) Makassar</td>
</tr>
<tr>
<td>3</td>
<td>Bappeda City of Makassar, South Sulawesi</td>
</tr>
<tr>
<td>4</td>
<td>Sekretaris Daerah District of Gowa, South Sulawesi</td>
</tr>
<tr>
<td>5</td>
<td>Dinas Kesehatan Pemkab Gunung Kidul</td>
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<td>6</td>
<td>Dinas Pemberdayaan Perempuan dan Perlindungan Anak (DPPA) District of Maros, South Sulawesi</td>
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<tr>
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<td>Bappeda Province of Papua</td>
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<td>8</td>
<td>Komnas Perempuan</td>
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<tr>
<td>9</td>
<td>Bappeda Kota Balikpapan</td>
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<td>10</td>
<td>Pokja Ormas Pembangunan dan Pemberdayaan Masyarakat Desa</td>
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<tr>
<td>11</td>
<td>Direktorat Pembangunan dan Pemberdayaan Masyarakat Desa, Pembangunan dan Pemberdayaan Masyarakat Desa, Kementerian Desa, Pembangunan Daerah Tertinggal, dan Transmigrasi Republik Indonesia</td>
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<td>Kementerian Kelautan dan Perikanan</td>
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**Donor**

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<td>USAID Technical Offices: Education, Environment, Health, and Program Support</td>
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<tr>
<td>2</td>
<td>DFAT</td>
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<tr>
<td>3</td>
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<td>UKCCF</td>
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**Private Sector Foundation**

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<td>Rajawali Foundation</td>
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### Media

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<td>Aliansi Jurnalis Independen Palu</td>
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<tr>
<td>3</td>
<td>Kantor Berita Antara</td>
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<td>4</td>
<td>Satelit Pos Banyumas</td>
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<td>5</td>
<td>Mongabay Indonesia</td>
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<td>6</td>
<td>Keuangan LSM</td>
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### Implementing Partners

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<tr>
<td>2</td>
<td>SEA - USAID</td>
</tr>
<tr>
<td>3</td>
<td>LESTARI - USAID</td>
</tr>
<tr>
<td>4</td>
<td>CEGAH - USAID</td>
</tr>
<tr>
<td>5</td>
<td>MITRA KUNCI - USAID</td>
</tr>
<tr>
<td>6</td>
<td>LINKAGES - USAID</td>
</tr>
<tr>
<td>7</td>
<td>BERSAMA - USAID</td>
</tr>
<tr>
<td>8</td>
<td>The Asia Foundation (TAF)</td>
</tr>
<tr>
<td>9</td>
<td>MAMPU - DFAT</td>
</tr>
</tbody>
</table>
ANNEX III: ASSESSMENT SCOPE OF WORK

INTRODUCTION

Indonesia is a key U.S. ally whose successful democratic consolidation has regional and global implications. Despite its achievements, Indonesia faces constant challenges that threaten both development and stability in the world’s largest Muslim country. These challenges are myriad, but are all linked to a common threat vector: the lack of accountable governance.

Democracy provides a space for civil society to operate in Indonesia. Civil society (CS) plays a significant role as catalyst for both democratic consolidation and decentralization in Indonesia. Civil society organizations (CSOs) have been on the front line to promote and strengthen democratic processes such as elections, accountability and oversight of government functions, and the protection of human rights. With corruption continuing to be a significant, chronic issue in Indonesia, CSOs demonstrate their usefulness as watchdogs, as citizen representatives, and as advocates. Combating corruption effectively requires robust interactions between CSOs and state bodies – sometimes in collaboration, sometimes in contention.

In decentralized Indonesia, CSOs have also been key players in advancing sectoral development objectives. CSOs address sector challenges and advance the objectives of democratization and service delivery at the sub-national level.

USAID has supported and worked with and through countless CSOs over the past two decades, executing programs to achieve priority development objectives of Indonesia and the US. As USAID/Indonesia embarks on the strategic planning process for the coming years, the Mission seeks to identify key issues related to civil society conditions and operations in Indonesia.

1. Assessment Purpose and Intended Use

Although USAID/Indonesia has been working with and providing support to Indonesian CSOs for many years, there are lingering questions about the space in which CSOs operate. Is the space conducive? Is the government supportive enough? What is the enabling legal framework? Do other stakeholders, including the private sector and media, cooperate effectively with CSOs? What are the capacities and sustainability of CSOs and their programs? Answering these questions and others about Indonesian CSOs will help USAID design and implement more effective programming, and help the Agency and Indonesia achieve their common development objectives.

The purpose of this CS Assessment is to inform future CSO capacity building programming as a cross-sectoral initiative under USAID/Indonesia’s country strategy. The Assessment will identify specific CSO-relevant key areas to pursue further governance integration, and provide specific inputs to the new Mission Strategy. More specifically, Assessment findings and recommendations will enable the USAID Office of Democracy, Rights, and Governance (DRG) to:

- Understand the space in which Indonesian CSOs operate.
- Gauge the government’s and people’s perceptions of CSOs.
- Understand the condition, status, and capacities (strengths and weaknesses) of CSOs.
- Understand the state of CSO sustainability and the relevant enabling or hindering factors.
2. **Assessment Questions**

To accomplish the objectives detailed above, the CS Assessment will answer the following core questions:

- What are the profile and typology of Indonesian CSOs? (E.g., representative and advocacy organizations and coalitions, mass organizations, professional associations, media, policy and academic research institutions, et al.)
- What are the strengths, limitations, and opportunities of Indonesian CSOs, including as related to supporting achievement of GOI and USAID priority objectives, engaging effectively with GOI and donors, and building and sustaining internal capacity?
- What is the operating environment for Indonesian CSOs? (E.g., legal framework such as the Ormas Law; willingness of public and private sector entities to work with CSOs; threats and limitations to operations; et al.)
- What is the impact of decentralization on CSOs?
- What are the perceptions of CSOs among the government, private sector, and citizens?
- What is the status of CSO sustainability? What are the enabling and hindering factors?

In answering the above questions, the Assessment team will assess CSOs operating at the national and subnational levels, with a focus on organizations active in USAID’s priority provinces under the Mission’s current Country Development Cooperation Strategy (CDCS). Along these lines, it is important for the Assessment to disaggregate and differentiate findings, recommendations, and conclusions between Jakarta (national) CSOs vs. regional and local CSOs. Another aspect to be differentiated by the Assessment team are the conditions and opportunities for CSOs fulfilling different functions, such as advocacy, service provision, mass mobilization, et al.

3. **Analysis Methodology**

Over the first two weeks following the launch of this Assessment, the team will hold initial briefings with the USAID DRG Office and complete a Team Planning Meeting (TPM) process, at the end of which the team will submit a detailed Work Plan for completing this SOW and answering the questions detailed above. The Work Plan will include the Assessment methodology, analytical framework, implementation timeline, and list of information sources and interview targets at the national and subnational levels. The Work Plan, to be developed within two weeks of Assessment launch, will include the following components and implementation steps:

- Cataloguing of the sources of information (including analyses, surveys, project reports, et al.) that the team expects will inform the Assessment. USAID will assist the team in obtaining studies and reports prepared by USAID, its relevant implementing partners (IPs), and other donors.
- List of meetings to be held with USAID DRG Office and relevant IPs working with Indonesian CSOs. The DRG Office will assist with identifying the necessary partner contacts.
- List of interviews to be held with key CSOs and stakeholders in Jakarta and other provinces, including CSOs & NGOs, GOI and elected officials, the private sector, think tanks and research institutes, media, and donors. The Assessment team will be expected to develop a list of key contacts and provide the list to USAID/Indonesia.
- Comprehensive literature review of pertinent documents.
• Detailed itinerary and management plan for visits to provinces and districts outside Jakarta.
• Meetings with USAID implementing partners (contractors, grantees, private sector partners) and DRG Office. The DRG Office will assist with identifying necessary partner contacts.
• Discussions in Jakarta and selected provincial/district sites with identified key stakeholders, combining one-on-one interviews and group discussions, as appropriate.

The Work Plan analytical framework will identify sources of information (documents, partner contacts, stakeholder contact, site visits, et al.), that the Assessment team requires in order to complete the analysis. USAID will help furnish documents and facilitate relevant contacts.

4. Assessment Scheduling and Timeline

The CS Assessment is tentatively scheduled to take place starting in July 2017, contingent on availability of team members. An illustrative implementation timeline is presented in the table below. A final timeline will be included in the Work Plan to be submitted to USAID.

Illustrative CS Assessment Timeline

<table>
<thead>
<tr>
<th>Task / Deliverable</th>
<th>Wk 1-2</th>
<th>Wk 3-4</th>
<th>Wk 5-6</th>
<th>Wk 7-8</th>
<th>Wk 9-10</th>
<th>Wk 11-12</th>
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<tr>
<td>Field visits to selected provinces</td>
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<tr>
<td>Findings consolidation &amp; analysis; Assessment Report drafting</td>
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<tr>
<td>Revision and submission of Final Report, based on USAID inputs</td>
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5. Deliverables

Required deliverables under this SOW, including estimated due dates, are presented below.

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Estimated Completion Date</th>
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<tbody>
<tr>
<td>1. CS Assessment Work Plan, including analytical framework and detailed interview list &amp; site visit schedule</td>
<td>End of Week 2</td>
</tr>
<tr>
<td>2. Draft CS Assessment Report</td>
<td>Week 10</td>
</tr>
<tr>
<td>3. Final CS Assessment Report, plus requested presentation or briefing to USAID by Indonesia-based team members</td>
<td>Week 12; presentations to be scheduled w/ USAID</td>
</tr>
</tbody>
</table>
**CS Assessment Report.** The CS Assessment team will submit to USAID a Civil Society Assessment Report of between 40-50 pages, not including annexes and including an Executive Summary. The Assessment Report will compile findings from the document review, key informant interviews and group discussions in Jakarta and the provinces, and discussions with USAID and IPs.

A draft of the report and PowerPoint slides from any requested presentations will be submitted to USAID/Indonesia for internal reviews prior to delivery, per the implementation timeline in the Work Plan. The DRG Office will review drafts within five working days and provide comments to the team, which will then finalize the report and briefing materials per the Work Plan schedule.

In order to be deemed acceptable, the draft and final Assessment Reports must include the elements listed below. In addition, the Assessment team must adequately address all significant comments raised by USAID/Indonesia during review of the draft report. The final approved Assessment Report will be a public document to be submitted to the Development Experience Clearinghouse ([www.dec.org](http://www.dec.org)) (DEC) following the required format provided by USAID.

The CS Assessment Report will include the following general sections:

- Indonesia CS profile, including typology of CSOs.
- Policy and political environment for CS – operating space, including focus on decentralized structures and systems.
- Trends in CSO development and activities, including CSO contributions to achieving GOI and USAID strategic development objectives.
- Perceptions of CSOs by constituencies and external stakeholders.
- Current or very recent donor engagement with CSOs, including key USAID experiences.
- Needs, challenges, and opportunities in working with and supporting Indonesian CSOs, including sustainability factors.
- Implications for USAID Programming, including strategic and programmatic recommendations.
- Annex: Bibliography of sources consulted, including interviews, focus groups, and others.
- Annex: Quantitative data collected, including notes from informant interviews and FGDs.

The CS Assessment Report and all deliverables will be drafted and submitted in English. All deliverables will be provided electronically to USAID no later than the dates indicated in the approved Work Plan. Any debriefs will include a formal presentation with slides delivered both electronically and in hard copy for all attendees.

**6. Assessment Team Composition**

To conduct this CS Assessment, MESP will provide a team of four specialists, as below:

- Team Leader, international or Indonesian
- CS/DRG specialists (2), Indonesian
- Assessment assistant, Indonesian

The Team Leader and CS/DRG Specialists should possess significant knowledge of the civil society situation in Indonesia, and have skills in civil society, advocacy, accountability, local governance, and/or sectors relevant to USAID’s priority objectives in Indonesia. They should also have strong presentation and writing skills. All team members must have the ability to translate analysis into actionable strategic
and operational recommendations, consistent with USAID policies and processes for country-level strategic planning. These team members will be expected to establish a working relationship and coordination process with the Mission DRG Office.

The Team Leader should possess the following specific qualifications:

- Post-graduate degree in a relevant social science.
- At least 10 years of relevant professional experience.
- Demonstrated record of work on civil society or other DRG-related assessments for USAID covering national and subnational levels, preferably in Indonesia.
- Expertise in one or more of the core technical areas of the USAID/Indonesia portfolio: DRG, Education, Environment, and Health.
- Excellent English writing and editing skills and communication/interview skills for the presentation and stakeholder discussions, as well as an ability to take information from a wide variety of sources and draft clear, succinct, high-level analysis and reports for general dissemination.

7. Management

The CS Assessment will be led by the Team Leader provided through MESP, working hand-in-hand with other team members, and in full coordination with the USAID DRG Office.

Throughout information collection and report writing, the assigned DRG officer will be the main client contact for MESP consultants. In this role, the DRG officer will arrange meetings with USAID/Indonesia staff and relevant IPs. The DRG officer may accompany the Assessment team on site visits and interviews, as available and appropriate.

MESP will work with USAID DRG to schedule an in-briefing to the Mission prior to commencing the work, and will provide debriefings on a schedule determined by the DRG officer and incorporated into the Assessment Work Plan. MESP will keep USAID apprised of changes or developments that necessitate any significant decision-making or modification of the Assessment SOW or Work Plan.

The DRG Office will provide USAID documents and background materials for review. This document review and the Assessment Report drafting at the end of the SOW period can be done off-site as appropriate. The Indonesia-based Assessment team members must be available for a half-day presentation of preliminary or final findings and recommendations as requested by USAID.

MESP will support the Assessment team members with setting and confirming meetings, arranging travel and accommodations, and other general facility and logistic support.

8. Budget

A summary budget will be submitted to USAID for review following agreement of this SOW.
ANNEX IV: LIMITATION TO CSO ACTIVITIES BASED ON ORMAS LAW NO. 17/2013

BAB XVI
LARANGAN

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(1) Ormas dilarang:
   a. menggunakan bendera atau lambang yang sama dengan bendera atau lambang negara Republik Indonesia menjadi bendera atau lambang Ormas;
   b. menggunakan nama, lambang, bendera, atau atribut yang sama dengan nama, lambang, bendera, atau atribut lembaga pemerintahan;
   c. menggunakan dengan tanpa izin nama, lambang, bendera negara lain atau lembaga/badan internasional menjadi nama, lambang, atau bendera Ormas;
   d. menggunakan nama, lambang, bendera, atau simbol organisasi yang mempunyai persamaan pada pokoknya atau keseluruhannya dengan nama, lambang, bendera, atau simbol organisasi gerakan separatis atau organisasi teror; atau
   e. menggunakan nama, lambang, bendera, atau tanda gambar yang mempunyai persamaan pada pokoknya atau keseluruhannya dengan nama, lambang, bendera, atau tanda gambar Ormas lain atau partai politik.

(2) Ormas dilarang:
   a. melakukan tindakan permusuhan terhadap suku, agama, ras, atau golongan;
   b. melakukan pernyalangan, penistaan, atau penodaan terhadap agama yang dianut di Indonesia;
   c. melakukan kegiatan separatis yang mengancam kedaulatan Negara Kesatuan Republik Indonesia;
   d. melakukan tindakan kekerasan, mengganggu ketenteraman dan ketertiban umum, atau merusak fasilitas umum dan fasilitas sosial; atau
   e. melakukan kegiatan yang menjadi tugas dan wewenang penegak hukum sesuai dengan ketentuan peraturan perundang-undangan.

(3) Ormas dilarang:
   a. menerima dari atau memberikan kepada pihak mana pun sumbangan dalam bentuk apa pun yang bertentangan dengan ketentuan peraturan perundang-undangan, atau
   b. mengumpulkan dana untuk partai politik.

(4) Ormas dilarang mengenut, mengembangkan, serta menyebarkan ajaran atau paham yang bertentangan dengan Pancasila.
ANNEX V: REQUIREMENTS AND PROCEDURES TO OBTAIN REGISTRATION CERTIFICATE OR SKT

1. Surat permohonan kepada Menteri Dalam Negeri melalui Direktur Jenderal Politik dan Pemerintahan Umum
2. Salinan/photocopy Akte Pendirian Ormas;
3. Salinan/photocopy Anggaran Dasar dan Anggaran Rumah Tangga;
4. Surat Keputusan tentang Susunan Pengurus Ormas;
5. 9 (sembilan) SKT untuk pengurus provinsi/daerah yang dikeluarkan oleh Kesbangpol Provinsi;
6. Biodata Pengurus Inti (ketua umum/sebutan lainnya, sekretaris jenderal/sebutan lainnya, dan bendahara/sebutan lainnya);
7. Pas Photo pengurus inti;
8. Program Kerja Ormas;
9. Salinan/photocopy Kartu Tanda Penduduk (KTP) pengurus inti;
10. Salinan/photocopy Nomor Pokok Wajib Pajak (NPWP) ormas;
11. Surat keterangan domisili sekretariat ormas dari Lurah dan/atau Camat;
12. Surat pernyataan tidak dalam sengketa kepangurusan atau tidak dalam perkara di pengadilan, di atas materai 6.000,-
13. Surat pernyataan sanggup menyampaikan laporan, di atas materai 6.000,-
14. Mengisi form isian

http://www.kemendagri.go.id/media/filemanager/2016/02/22/b1/r1/brosur_penerbitan_skt.pdf
Annex VI: Requirements for Dana Hibah in Banten Province Based on Permendagri No. 32/2011 and 39/2012

Syarat yang harus dipenuhi oleh calon penerima dana hibah dari organisasi kemasyarakatan berbadan hukum adalah:

1. Memiliki Kepengurusan yang Jelas
2. Mendapat Pengesahan Badan Hukum dari Kementerian Hukum dan Hak Asasi Manusia
3. Berkedudukan Dalam Wilayah Administrasi Pemerintah Provinsi Banten
4. Memiliki Sekretariat Tetap
5. Permohonan Tertulis yang Ditujukan Kepada Gubernur, Serta Diketahui oleh Kepala Desa/Lurah dan Camat Setempat, Serta Ditandatangani dan Dibubuhi Cap oleh Ketua dan Sekretaris (atau sebutan lainnya)
6. Proposal Urusan, yang Minimal Memuat:
   a. Latar Belakang
   b. Maksud dan Tujuan
   c. Rencana Anggaran Biaya
   d. Rencana Pelaksanaan Kegiatan
   e. Profil Lembaga
   f. Susunan Pengurus
   g. Surat Pernyataan Tidak Menerima Hibah Tahun Sebelumnya
7. Lampiran Proposal yang Terdiri Dari:
   a. Foto Copy KTP Ketua, Sekretaris dan Bendahara Pengurus dan Nomor Telepon yang Bisa Dihubungi
   b. Rekomendasi dari Instansi Terkait Kabupaten/Kota
   c. Surat Keterangan Domisili dari Desa/Lurah Setempat
   d. Foto Lokasi Kegiatan
   e. Surat Pernyataan Tidak Duplikasi Kegiatan
   f. Nomor Pokok Wajib Pajak (NPWP)
   g. Surat Pengesahan Badan Hukum dari Kementerian Hukum dan HAM
   h. Akte Notaris
   i. Bukti Kepemilikan Gedung atau Bukti Kontrak/Sewa Gedung/Bangunan Bagi Lembaga yang Kantor Sekretariatnya Menyewa
   j. Gambar Teknis Untuk Kegiatan Konstruksi
   k. Bukti Kepemilikan Status Tanah yang Akan Dibangun Atar Nama Lembaga

ANNEX VII: LIST OF PROVINCES ISSUED LOCAL REGULATIONS ON CSR

<table>
<thead>
<tr>
<th>Wilayah</th>
<th>Daerah</th>
<th>Jumlah</th>
</tr>
</thead>
<tbody>
<tr>
<td>Propinsi</td>
<td>Bangka Belitung, Bengkulu, Di Yogyakarta, Di Yogyakarta, DKI Jakarta, Gorontalo, Jambi, Jawa Barat, Jawa Barat, Jawa Timur, Kalimantan Selatan, Kalimantan Tengah, Kalimantan Timur, Lampung, NTB, Riau, Sumatera Barat</td>
<td>15</td>
</tr>
<tr>
<td>Kotamadya</td>
<td>Bandung, Banjarmasin, Batam, Bekasi, Bitung, Cilegon, Cimahi, Kediri, Makasar, Mataram, Samarinda, Semarang, Serang, Surakarta, Tangerang, Tasikmalaya</td>
<td>16</td>
</tr>
</tbody>
</table>

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