



Delegation of the EU to Indonesia and Brunei Darussalam
SHARING SESSIONS, June 2020

DOMESTIC RESOURCE MOBILIZATION

Promoting the Financial Sustainability of CSOs in Indonesia

Early identification of the current situation and problems by



Early identification of the current situation and problems faced by Indonesian CSOs. based on Penabulu's experience and field observations, series of internal meeting and the results of discussions with **Mardiyah Chamim** (formerly served as TEMPO's senior editor and Director of the Tempo Institute, now working as an independent journalist, and act as a member of the Penabulu Board of Trustees).

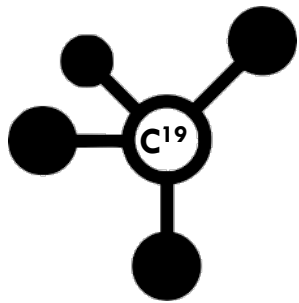
— Attached a note from Mardiyah Chamim as an introduction for the discussion: **Masyarakat Madani & Rekalibrasi di Tengah Pandemi**

Covid-19 pandemic unlocked Pandora's box, exposing the current dire situation faced by Indonesia:



1. **Environmental Damage:** deforestation, forest and peatland fires, marine plastic waste, wild-life crime and illegal trade, ecological disaster and transmission of animal diseases to humans, etc.
2. **Social-Economic Inequality:** weak health, education, food, energy and overall economic systems, capital accumulation in certain groups of people, exclusion of marginalized groups from the development, etc.
3. **Vulnerable Communities:** limited livelihoods, poverty in cities and especially in rural areas, low quality of basic services, identity politics and the crisis of democracy and pluralism, etc.

Current real challenges
faced by civil society in
Indonesia in the middle of
Covid-19 pandemic:



1. Reinforcing the role of the military, increasing **repression of freedom of expression** of the people.
2. **Money politics**, regional head elections, or the legislature - do not produce qualified leaders.
3. Strong intertwining between capital and authorities, **strong influence of investors in policy making** (Minerba Law, May 2020).
4. The proliferation of populist and extra-right groups, wings which **intensively spread radical understanding** in various ways.
5. Identity politics; polarization of political stronghold, **there is no neutral and critical voices**.
6. Disruption of information technology and social media, making **people trapped in the 'echo chamber'**.
7. The media also has severe disruption. Readers decline because the public **prefers to read social media content, whether true or hoax**. Advertisers also evaporate. Dangerous situation for the sustainability of democracy.

Internally, the condition of Indonesian civil society is exacerbated by the **support and funding situations:**



1. The donor's approach has locked CSO's ability to grow and formulate the most appropriate solution starting **from the lowest program management scale.**
2. **Shrinking support from funding**, when civil society is needed to balance the policy narrative (KPK Law, Omnibus Law). CSOs with a focus on fundamental issues such as human rights, access to justice and pluralism have begun to **struggle to fund the organization's operations.**
3. Limited initiatives to mobilize local resources: using the platform (kitabisa.com), or Sahabat ICW, Simpul LBH, Pundi Perempuan IKA etc., but **the fundraising income still have not been able to meet the funding needs** of the program.
4. The government has formed the Environment Fund (BPD LH) and is exploring the establishment of the Art & Culture Endowment Fund, Bappenas explore options of funding for CSO advocacy. **All have not been running and question on the level of critical positions of CSO recipients of funds to the government.**

The urgent need for **mobilization of domestic resources** and steep roads in reaching their peak potential



1. ODA levels **will continue to fall** as donors **pull out or reorient their engagement practices** (more trade, less aid)
2. Mobilizing local resources in Indonesia must recognize and engage with **local systems**, DRM will always rely on resources from local systems.
3. The mobilization of local resources by CSOs requires **enabling conditions** in the aspects of **supporting function** and **rules**.
4. Governance-related CSOs or those involved in advocacy/human rights/etc, as those will not have access to domestic public funds and will **need to develop alternative DRM strategies**: involving the selling of services, conducting paid research on behalf of others, partnering with philanthropists, etc (and also had to adapt their activities, advocacy work and missions to face the new situation).



**Recognizing
and engaging
the Local
System**

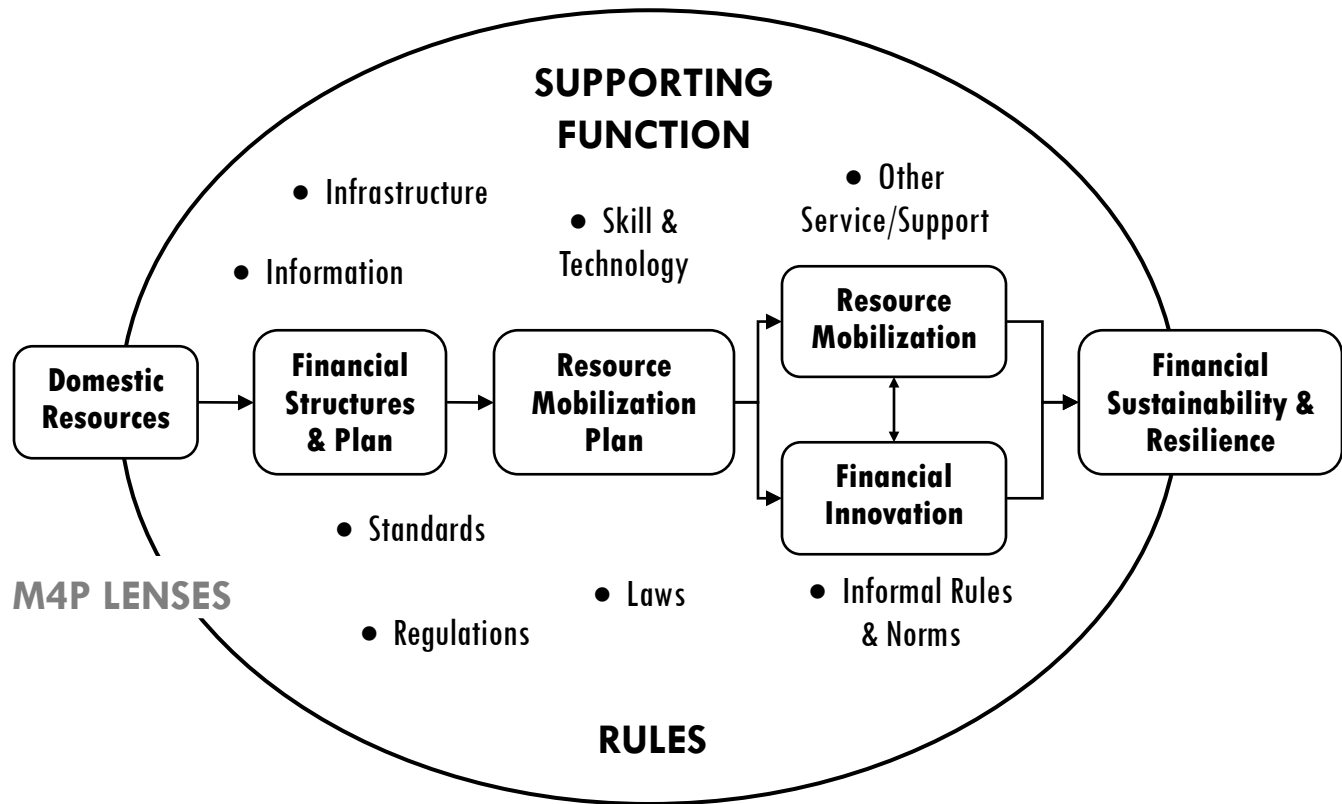
CAPACITY 2.0 strengthens organizations through improving their fit to **local systems**. It posits that foregrounding **connections** and **adaptiveness** is more transformative than standardized “best practice” procedures.

Capacity 2.0 focuses on adaptive capabilities through (1) **non-linear approaches**, (2) **networking and strategic partnering**, (3) **shared ownership**, (4) **learning through experimentation and feedback**, (5) **data-driven decision making**, and (6) **focus on leveraging and developing capacity at the local systems levels**, not just at the organizational ones.

— USAID on Indonesia Civil Society Forum, 14 November, 2018; sources from Capacity Development Interventions: A Guide for Program Designers, Social Impact & FHi360 (2018) and Local Systems: A Framework for Supporting Sustained Development, USAID (2014).



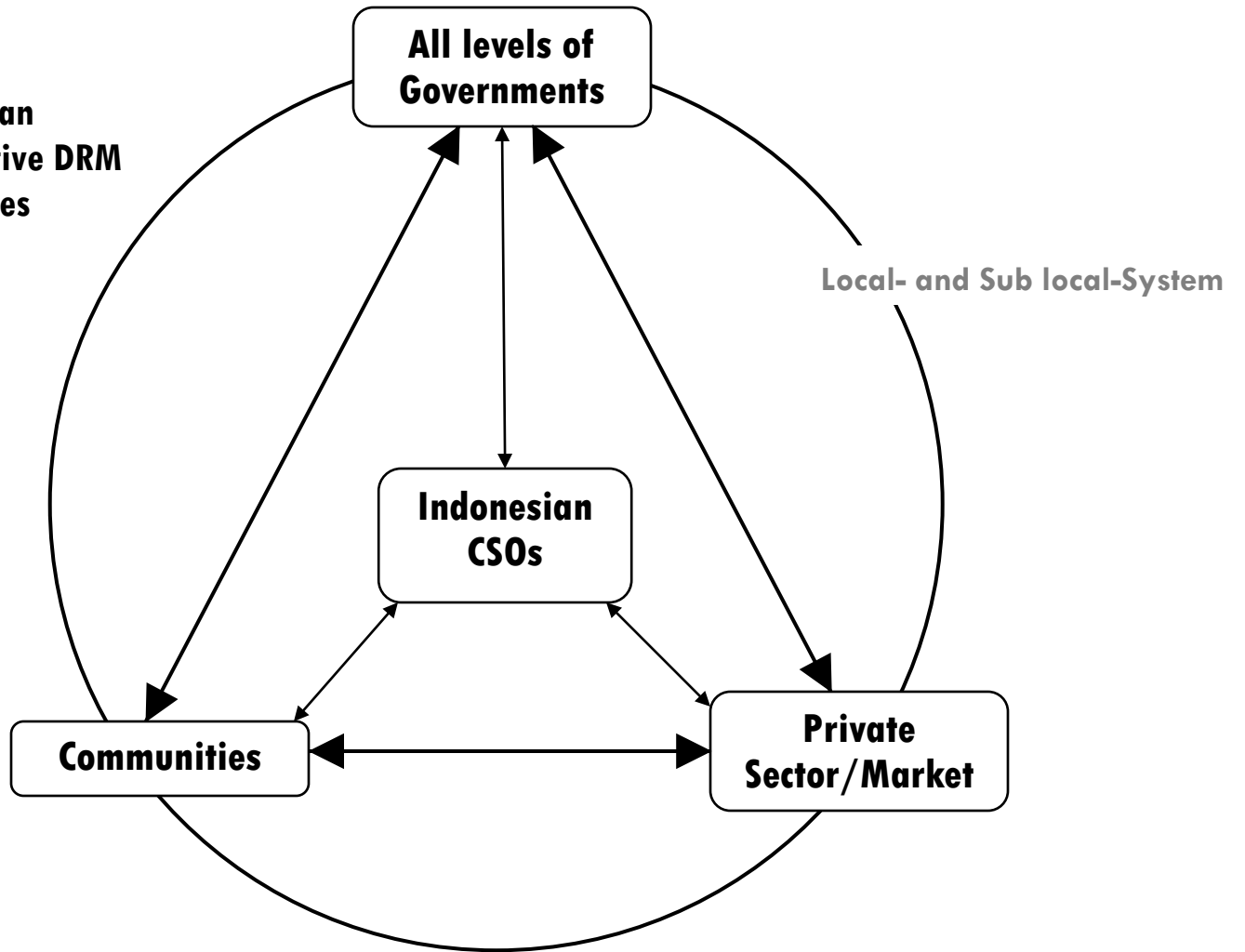
Improving the enabler: Supporting Function and Rules



– Adaptation from ‘**Making Market Working for the Poor**’ (M4P) as a conceptual model that complements the commodity value-chain mapping method. In addition to the underlying problems within the process flow that have been identified by the value-chain method, M4P will evaluate obstacles in the lens of **Supporting Function and Rules**.



**Finding an
alternative DRM
Strategies**



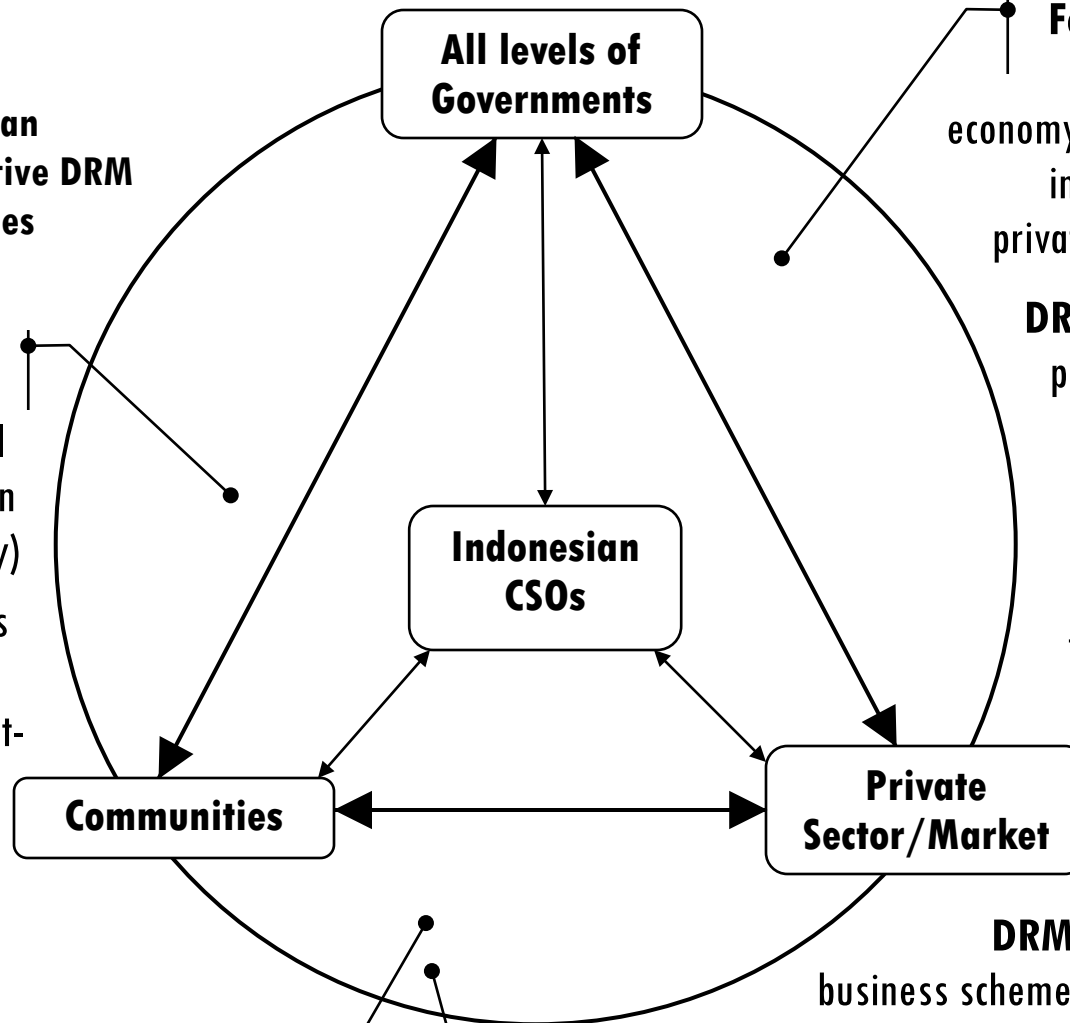


Finding an alternative DRM Strategies

Focus issues: human and citizens' rights, gender equality, social inclusion (especially on basic services delivery)

DRM options: access the Type III Swakelola (Perpres 16/2018), cost-recovery model for legal and other services sourced from the Village Fund

Focus issues: small-land holder livelihood and sustainable sourcing, land-based conflict resolution, social forestry, fair and sustainable market, etc.



Focus issues: policy advocacy on green economy, renewable energy, infrastructure, public-private-partnerships, etc.

DRM options: public-private-communities-partnerships, market & policy research, training & capacity building, facilitation services, etc.

DRM options: Inclusive business scheme, CSR or services for research, community development, conflict mediation; and small holder cost-recovery scheme for jurisdictional-based certification, internal control system (ICS), improved cultivation techniques and post-harvest management, solidarity economy



In the Pandora box story, one thing left at the bottom of the box when all the bad things burst out, that is 'hope'.

HOPE is like a road in the country;
there was never a road before,
but when many people walk on it,
the road comes into existence

— Lin Yutang



— At Penabulu, we believe that the sustainability of our organization can only be ensured if we are able to push ourselves to continuously find the new relevant positions and roles in a rapidly changing world.