PNPM PEDULI
ONE YEAR ON
INDEPENDENT REVIEW OF LESSONS LEARNED
OCTOBER, 2012
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Rima Irmayani
Early Dewi Nuriana
The most common way that people give up their power is by thinking they don’t have any.

Alice Walker
Author, poet, feminist, activist.

PEDULI IS ABOUT JUSTICE......
It exists to support marginalized people to develop bargaining power with their government and within their communities.

Sujana Royat, Sept 2012.
Deputy to the Minister for Poverty Alleviation and Community Empowerment/Coordination for the Coordinating Ministry for Peoples’ Welfare (Menko Kesra) and Head of the Executing Team Oversight, National Team of PNPM Mandiri

ACKNOWLEDGEMENT
We wish to thank the team at PNPM Peduli, its counterparts, partners and donors for investing your time in engaging with us. We thank you for your insights, reflections and practical responsiveness throughout the Review process.

Special recognition must be made to people across Indonesia who have sat and shared their stories, experience, and perceptions with us. We trust and hope that we have done justice to them.
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ACRONYMS, ABBREVIATIONS, TRANSLATIONS

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<tr>
<td>ACE</td>
<td>Association for Community Empowerment</td>
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<td>AusAID</td>
<td>Australian Agency for International Development</td>
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<td>CB</td>
<td>Capacity Building</td>
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<td>CBDO</td>
<td>Community Based Organization</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>DFID</td>
<td>(United Kingdom) Department for International Development</td>
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<td>EO</td>
<td>Executing Organizations</td>
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<td>EU</td>
<td>European Union</td>
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<td>FBO</td>
<td>Faith Based Organization</td>
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<td>FGD</td>
<td>Focus Group Discussion</td>
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<td>GdI</td>
<td>Government of Indonesia</td>
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<td>GMDO</td>
<td>Grant Making Organization</td>
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<td>GMS</td>
<td>Grant Management System</td>
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<td>JMC</td>
<td>Joint Management Committee</td>
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<td>IP</td>
<td>Intermediary Partners</td>
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<tr>
<td>LBH</td>
<td>LGBT, Lesbian, Gay, Bisexual and Transgender</td>
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<tr>
<td>LPPNU</td>
<td>Economic Institute of Nahdlatul Ulama</td>
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<tr>
<td>LPPNI</td>
<td>Agricultural Institute of Nahdlatul Ulama</td>
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<tr>
<td>MEL</td>
<td>Monitoring, Evaluation and Learning</td>
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<td>Menko Kesra</td>
<td>Coordinating Ministry for People's Welfare</td>
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<td>NGO</td>
<td>Non-governmental Organization(s)</td>
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<td>NOL</td>
<td>No Objection Letter</td>
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<td>NORGAD</td>
<td>Norwegian Agency for Development Cooperation</td>
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<td>NU</td>
<td>Nahdlatul Ulama</td>
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<td>NTB</td>
<td>West Nusa Tenggara</td>
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<td>OD</td>
<td>Organization Development</td>
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<td>ODI</td>
<td>Overseas Development Institute</td>
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<td>PDO</td>
<td>Project Development Objective</td>
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<td>PKBI</td>
<td>Indonesia Planned Parenthood Association</td>
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<td>PNPM</td>
<td>National Program for Community Empowerment</td>
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<td>POM</td>
<td>Project Operations Manual (PNPM Peduli)</td>
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<td>PSF</td>
<td>PNPM Support Facility</td>
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<td>SIDA</td>
<td>Swedish International Development Cooperation Agency</td>
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<td>SLA</td>
<td>Sustainable Livelihoods Approach</td>
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<td>SOP</td>
<td>Standard Operating Procedures</td>
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<td>TP</td>
<td>Tertiary Partners</td>
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<td>TSG</td>
<td>Technical Support Group</td>
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<td>VfM</td>
<td>Value for Money</td>
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<td>WB</td>
<td>World Bank</td>
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DEFINITIONS

Capacity building is an approach to development that focuses on understanding the obstacles that inhibit people, governments and organizations from realizing their developmental goals while enhancing the abilities that will allow them to achieve measurable and sustainable results.

Civil Society: The arena of un-coerced/voluntary collective action around shared interests, purposes and values. In theory, its institutional forms are distinct from those of the state, family and market, though in practice, the boundaries between state, civil society, family and market are often complex, blurred and negotiated. Civil society commonly embraces a diversity of spaces, actors and institutional forms, varying in their degree of formality, autonomy and power. Civil society is populated by organizations such as registered charities, community groups and village and community based organizations (CBOs), development non-governmental organizations (NGOs), faith-based organizations (FBO), women's organizations, professional associations, trade unions, self-help groups, social movements, business associations, coalitions and advocacy groups.1

Civil Society Organization (CSO): For the purposes of this report Annex 8 provides the agreed Civicus list of Indonesian civil society actors.

Marginalization: Marginalization occurs when people are systematically excluded from meaningful participation in economic, social, political, cultural and other forms of human activity in their communities and thus are denied the opportunity to fulfill themselves as human beings.²

Organization development is an approach to assisting people that belong to an organization to take on the process of making strategic improvements within that organization toward the same goal. It is therefore “a system-wide and values-based collaborative process for applying behavioural science knowledge to the adaptive development, improvement and reinforcement of such organizational features as the strategies, structures, processes, people and cultures that lead to organization effectiveness.”³

Social Inclusion is the meaningful engagement in a person's community, where they have access to services, are free to participate in exercising choice and control, find social connection and have a sense of belonging and responsibility.⁴

Sustainable Livelihood: A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain and enhance its capabilities and assets both now and in the future, while not undermining the natural resources base.⁵ The Sustainable Livelihoods Approach (SLA) provides a framework and principles that helps us to understand the complexities of poverty by illustrating the main factors that affect poor people's livelihoods and the relationships between.
**EXECUTIVE SUMMARY**

**PNPM PEDULI**

PNPM Peduli is a Government-led, multi donor trust funded program that is being delivered as a pilot initiative through the PNPM Support Facility (PSF). PNPM Peduli was developed in response to an increased awareness by government and donors that certain individuals and groups benefit less from poverty reduction programs and have less access to public services than do others.4

The stated program development objective (PDO) of the PNPM Peduli program is

“To strengthen the capacities of Indonesian CSOs to reach and empower marginalized groups to improve their socio-economic conditions.”

The logic of the PNPM Peduli program is based on an assumption that civil society organizations (CSOs) have significant competitive advantages in terms of their ability to access and support excluded groups if they are provided with adequate resources and support to do so.

In order to achieve this objective, PNPM Peduli is testing models for the financing of Indonesian national CSOs and mass membership organizations to deliver grants and capacity building to local CSOs to enable them to work with marginalized groups. Six national organizations (Kemitraan, ACE, Lakpesdam NU, IKA, Bina Swadaya, and PKBI) were selected through a select tender process and have received a World Bank Grant to act as Executing Organizations (EOs) for Peduli.7 Grants provide resources for EOs to i) strengthen their own management and operational capacity, ii) provide sub-grants to local CSOs or their own sub-branches to work with marginalized groups, and iii) provide capacity building support to these CSO/branch partners.

Figure 1 below shows the PNPM Peduli chain of influence:

![PNPM Peduli Chain of Influence](image-url)
The PSJ Joint Management Committee (JMC) approved a Concept Note and initial budget of USD 4,215,000 in January 2010, to develop PNPM Peduli in two phases:

1. Phase 1 (June 2010–December 2012): This period was further divided into two distinct phases, as follows:
   a. Preparation period: This period involved the design and development of operational procedures and the selection of EOs;
   b. Pilot implementation period: This period involved the awarding of grants to EOs and EOs on-granting to local partners (CSOs or sub-national branches), who implemented activities to test the Peduli model.

2. Phase 2 (January 2013–June 2015): At this period, the full implementation of the program began, with the expectation that support for the original three EOs will be continued and that an additional 3–4 EOs will be selected.

A further $5,500,000 was allocated in April 2012, taking the total investment in PNPM Peduli in the pilot phase to $9,715,000.

Since its inception in January 2011, Peduli has facilitated the establishment of partnerships with 72 Indonesian CSOs. The 72 CSOs are comprised of the three EOs, three Intermediary Partners, 36 local CSOs and 30 branches of LAKESADAM NU. These partners are working in 91 districts across 24 provinces (see Annex 2: Map of Peduli Projects). Their activities under the program involve a wide range of marginalized groups, including indigenous people, female micro-entrepreneurs, farmers and fishers, garbage collectors, street children, sex workers, ex-political prisoners, migrant workers, trafficked women and children, gay and transgendered people, survivors of domestic violence and people living with HIV and AIDS. Projects supported by Peduli involve a range of sectors and thematic areas, including:

- Local economic development including skills-building for managing micro-enterprises, sustainable use of forestry resources, and production skills training for unskilled workers;
- Promoting citizenship through facilitating access to legal documentation such as birth certificates, identity cards;
- Improving access to and quality of health and education services;
- Improving social justice and rights for victims of violence and trafficking and people living with HIV and AIDS; and
- Facilitating reconciliation with victims of violence and ex-political prisoners.

Supporting the development of networks and improving social inclusion for gay and transgender people, recovering drug users, sex workers and a wide range of other marginalized groups and individuals.

The purpose of this External Review is to assess the progress of Peduli in its initial stages and provide a basis to support the PNPM Peduli team to refine, refocus and articulate the Peduli model as it progresses to Phase 2 in 2013.

REVIEW FRAMEWORK

Bapak Sujana Royat, Deputy to the Minister for Poverty Alleviation and Community Empowerment/Coordination for the Coordinating Ministry for Peoples’ Welfare (Menko Kemaritiman) and Head of the Executing Team Oversight, National Team of PNPM Mandiri has described marginalized groups in Indonesia as:

“An under-utilized national asset who have been failed by the system.”

The underlying program logic of PNPM Peduli can be defined as follows:

CSOs, if effectively resourced, can mobilise their comparative advantages to reach and empower marginalized groups.

For the purposes of this Review, the key terms in this statement can be defined as follows:

- “Effectively resourced” refers to the effective provision of the required technical and financial resources to CSOs and the systems by which these are transferred;
- “Comparative advantages” refers to the specific attributes, characteristics and behaviours of CSOs that enable these organizations to reach and work with marginalized groups more effectively than other organizations or bodies;
- “To reach and empower marginalized groups” refers to a participatory process of interaction with specific groups. This involves a participatory assessment and planning process in order to identify key actions that can be implemented by the beneficiaries using their existing assets and strengths to address their development priorities, rights and entitlements;
- “To empower marginalized groups” refers to improving beneficiaries’ ability to express their aspirations, to demand their rights as citizens, and to participate in decision making regarding the use of public resources.

This analytical framework has been applied throughout the Review at each level of Peduli’s Chain of Influence.

In terms of the analytical framework presented above, this report is structured so as to identify lessons in five key areas relevant to the achievement of PNPM Peduli’s stated objectives. The report identifies standards of good practice in each of these areas, presents evidence to describe what is and is not working well, and discusses the reasons for these successes and failures. Finally, it presents conclusions and recommendations to inform future decision making.

The Review seeks to determine what has been learned about the following through the experience of the program in its initial stages:

- Learning Area 1: The role and comparative advantages of Indonesian CSOs;
- Learning Area 2: The capacities, needs and approaches for capacity building to enable CSOs to reach and empower marginalized groups;
- Learning Area 3: Working on marginalization and social inclusion;
- Learning Area 4: Livelihoods and economic inclusion;
- Learning Area 5: Effective business processes for financing CSOs.

The Review methodology was qualitative and encouraged reflection, the demonstration and sharing of evidence and the development of lessons learned. Fieldwork allowed extensive opportunity for observation and consultation with a wide range of stakeholders along the Peduli Chain of Influence.

SUMMARY REVIEW FINDINGS AND RECOMMENDATIONS

The purpose of this external Review process has been to develop a snapshot of PNPM Peduli in its first year of operation, and through that describe lessons learned, to enable the PNPM Peduli team and its partners to confirm the Peduli’s future direction as it moves forwards into a new phase of programming.

Given that the purpose of this report is to practically contribute to learning and decision making for Peduli’s future, the primary audience is the PNPM Peduli team and its partners. It has been constructed so as to provide these stakeholders with clear frameworks for assessing standards of performance now and into the future; to provide examples of good practice, as well as challenges, and to suggest possibility strategies and considerations for moving forwards. These are presented as intermediate observations and recommendations for consideration by the team and as such do not need to be revisited here.
What we will provide here is a set of broader overarching observations and recommendations which, if addressed as a package, will enable PNPM Peduli to set course to develop and demonstrate good practice approaches to working with marginalized groups in Indonesia into the future. These overarching observations and recommendations are provided below.

**Overall Assessment**
PNPM Peduli has established a set of relationships and business systems that will support the ongoing development and understanding of effective approaches to reaching and empowering marginalized groups in Indonesia in the future.

With the implementation of the program, there have been indications of emerging outcomes in relation to social inclusion. In a number of cases, beneficiaries have acknowledged changes in terms of increased awareness, confidence, participation, social networks and bargaining power.

While the focus in the pilot phase of the program has been on the establishment of systems and relationships, it is understood by all stakeholders that increased attention to quality of interventions and design of activities is a priority as Peduli moves to full implementation. We trust that the observations and recommendations made in this report will assist in establishing mechanisms and systems to support this.

**Overarching Strategic Recommendations**
The program logic and purpose of Peduli is sound and relevant. PNPM Peduli responds to priorities identified by the Indonesian government. The program is positioned to support the inclusion of marginalized groups within government poverty alleviation programs and government services more broadly.

For PNPM Peduli and its partners to be able to focus their efforts more effectively, a clear vision statement that defines what Peduli is about and what it is for is required. The following is an example of such a statement:

"IPEDULI IS ABOUT JUSTICE......
It exists to support marginalized people to develop bargaining power with their government and within their communities."

Sujana Royat

We are confident that this type of statement of vision and intent will emerge through planned processes to define Peduli's own Theory of Change and to articulate the emerging design.

Peduli counterparts, staff and partners are shaping and modelling relationships and behaviours which reflect the values of equality, humanity and justice. Such relationships and behaviours form a vital foundation for the implementation of the program. Respectful quality relationships are evidenced at all levels of the Peduli chain of influence and are contributing to Peduli's development and the creation of enabling environments within which all stakeholders operate.

The establishment of the architecture for the delivery of PNPM Peduli is a significant achievement. Prior to PNPM Peduli, the WB in Indonesia had limited experience and no mechanisms in place for direct financing to CSOs using their own systems, and limited experience in other countries from which to draw on. Not only has Peduli established a funding window, it has developed and received approval for a set of SOPs for the program. It has also drafted a CSO Friendly Guide to WB Procurement. It has designed and implemented a process for the selection of EOIs. In turn, it has worked with these EOIs to develop their own SOPs and Grant Making System (GMS) and their own process to identify partners and design program is.

Peduli is facilitating internal change within the WB. The program has been identified as a pilot for the WB to shift from compliance focused procurement to principle focused procurement.

Peduli's role in capacity development stems from and supports its role in the development of a network of agents for change to empower marginalized groups and support social inclusion. Effective capacity development is demand driven. Such capacity development provides a range of options to address the different stages of development and learning styles of varying organizations and individuals. Peduli can be differentiated from generalist civil society programs because of its focus on social outcomes for groups who are not reached by other development initiatives. In short, it needs to be focused on practical outcomes rather than being institutionally focused. In this manner, it can support partners working towards the desired development outcome.

Program level outcomes do not result from a portfolio of discrete and disassociated projects. In order to address marginalization, Peduli and its partners need to shift towards programmatic approaches.

Peduli has tested a range of approaches to working with marginalized groups. Some will have positive impacts on the lives of marginalized people. Some will not. Real success for Peduli is most likely to be achieved through the implementation of a smaller portfolio of programs focused on specific issues or communities. The program will achieve success by describing social and rights based...
outcomes; providing and resourcing opportunities for learning and sharing good practice across programs; and facilitating the ability of partners and beneficiaries to engage as a group with government partners. There is great scope for the development of much wider partnerships and networks to through Peduli. There is also a clear need for the development of such partnerships and networks.

Peduli partnerships should build upon the existing experiences and capacities of known organizations, utilising tested approaches. Peduli needs to actively avoid pushing partners into working outside their areas of institutional competence. It should identify partners who are able to work to achieve the goals of PNPM Peduli and to implement programs based on practical and effective approaches to addressing marginalization at its root cause. This is particularly relevant for the work on livelihoods, the manner in which related activities have been implemented necessitating some serious reflection, if not reconsideration, within the program.

In the immediate future, PNPM Peduli needs to focus on the alignment of emerging good practice for funding to CSOs and working with non-traditional organizations and groups. The manner in which donors finance CSOs directly affects what these CSOs are able to achieve on the ground. While PNPM Peduli has made significant progress in establishing a system to finance NGOs, it must now focus on ensuring the quality of that system so that it is in line with donor good practices. Measures to achieve this may include longer program cycles, the use of user-friendly procurement and reporting systems and ensuring contestability at partner selection and activity design stage.

The quality of partner programs in terms of targeting, relevance and technical quality can be significantly strengthened through the development of higher levels of contestability; the effective resourcing of design processes; and the development of quality tools for assessment and program planning. PNPM Peduli stakeholders are aware of that now that systems have been established, attention needs to be paid to strengthening the quality of CSO programming. In part, these improvements will be supported through the Review of financing practices and timeframes. Other improvements will require significant support for CSOs to identify the core competencies and behaviours required by their staff and organization as a whole to work effectively towards empowering marginal groups. It will then be necessary to establish meaningful capacity building strategies to develop these core competencies and behaviours.

CONCLUDING REMARKS

We emphasise that many of the findings presented within this report are not new news. However, the Review creates the opportunity to spend some time to take stock, to examine key issues within a clear analytical framework, to view these issues from a wide range of angles, and to consider which of these have significant positive or negative impact on the ability of the government, EOs, PSF or any of the partners along the Peduli chain of influence to achieve the PNPM Peduli PDO.

The Review team hopes and trusts that the discussion, evidence, lessons, ideas, guidance, reflections, accolades and criticisms contained within this report will contribute to the ongoing development of the program.

Edwar, Meuthia, Rima, Early Dewi, and Donna Leigh

“I have more knowledge about trafficking, the law, the role of community paralegals and human rights. I am more confident now to meet people who are not from here. I was confident to deal with the human resource staff from my husband’s office to deal with a problem with delayed salary payments. Now I can talk in front of class, support my friends with problems and with domestic violence cases.”

Septi Riwanti 40 years, Kubu Raya, Pontianak
PNPM Peduli is a Government-led, multi donor trust funded program that is being delivered as a pilot initiative through the PNPM Support Facility (PSF).

PNPM Peduli was developed in response to an increased awareness by government and donors that certain individuals and groups benefit less from poverty reduction programs and have less access to public services than do others.\(^{17}\)

The logic of the PNPM Peduli program is based on an assumption that civil society organizations (CSOs) have significant competitive advantages in terms of their ability to access and support excluded groups if they are provided with adequate resources and support to do so.

The stated program development objective (PDO) of the PNPM Peduli program is:

"To strengthen the capacities of Indonesian CSOs to reach and empower marginalized groups to improve their socio-economic conditions."\(^{17}\)

In order to achieve this objective, Peduli has established a system for the financing of Indonesian national CSOs, or Executing Organizations (EOs), that deliver grants to and build the capacities of local CSOs to enhance the ability to work with marginalized groups. The system defines two models for these EOs:

- Model A provides grants to two national CSOs, Kemitraan and ACE, who as Executing Organizations (EOs) each receive a grant to strengthen their own management and operational capacity, to provide sub-grants to local CSOs working with marginalized individuals and communities, and to provide capacity building these CSO partners.
- Model B was established to test the EO model within national membership organizations who receive a grant to provide capacity building and sub-grants to support their sub-national branches. Lapesdalam, a subsidiary of the Nahdlatul Ulama, a national faith based organization (FBO) boasting 30 million members, is the current partner.

The EOs were selected through a competitive, select tender process overseen by the PSF (see Annex 1: Summary of Peduli Tender Outcomes).\(^{18}\) During this process, a number of organizations of specific potential and interest were identified, although for various reasons, these organizations may not have qualified as EOs. As a result, the Panel decided to test a third model, involving ‘Intermediary Partners’ (IPs). Under this model, three organizations were selected as IPs and attached to one of the selected EOs. These IPs received block grants, which they then channelled to their own Tertiary Partners (TPs).

Figure 1 below shows the PNPM Peduli chain of influence:

As a pilot initiative, PNPM Peduli was to be conducted in two phases:

1. **Phase 1** (June 2010–December 2012): This period was further divided into two distinct phases, as follows:
   a. **Preparation period**: This period involved the design and development of operational procedures and the selection of EOs;
   b. **Pilot implementation period**: This period involved the awarding of grants to EOs and EOs.
on-granting to local partners (CSOs or sub-national branches), who implemented activities to test the Peduli model.28

2. **Phase 2** (January 2013–June 2015): At this period, the full implementation of the program began, with the expectation that support for the original three EOs will be continued and that an additional 3–4 EOs will be selected.

The Concept Note was approved by the Joint Management Committee (JMC) in January 2010, with an initial budget of USD 4,215,000 to design the project, to develop operational procedures, and to award grants to an initial three EOs for the implementation of Phase 1. With the allocation of an additional $5.5 million in April 2012, the total investment in PNPM Peduli in the pilot phase came to $9,715,000.

Since its inception in January 2011, Peduli has facilitated the establishment of partnerships with 72 Indonesian CSOs. The 72 CSOs are comprised of the three EOs, three Intermediary Partners, 36 local CSOs and 30 branches of Lakpesdam NU. These partners are working in 91 districts across 24 provinces (see Annex 2: Map of Peduli Projects). Their activities under the program involve a wide range of marginalized groups, including indigenous people, female micro-entrepreneurs, farmers and fishers, garbage collectors, street children, sex workers, ex-political prisoners, migrant workers, trafficked women and children, gay and transgendered people, survivors of domestic violence, children in prison and people living with HIV and AIDS. Projects supported by Peduli involve a range of sectors and thematic areas, including:

- Local economic development including skills-building for managing micro-enterprises, sustainable use of forestry resources, and production skills training for unskilled workers;
- Promoting citizenship through facilitating access to legal documentation such as birth certificates, identity cards;
- Improving access to and quality of health and education services;
- Improving social justice and rights for victims of violence and trafficking and people living with HIV and AIDS; and
- Facilitating reconciliation with victims of violence and ex-political prisoners
- Supporting the development of networks and improving social inclusion for gay and transgender people, recovering drug users, sex workers and a wide range of other marginalized groups and individuals.

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**Figure 1. PNPM Chain of Influence**

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PURPOSE OF THE REVIEW

The purpose of this Review is to assess the progress of Peduli in its initial stages and to determine the extent to which it is ready to deliver in terms of the four key dimensions outlined within the Terms of Reference (see Annex 3).

In addition to its stated objective of working through CSOs to support the empowerment of marginal groups, Peduli is also a “learning by doing” exercise for the WB. While the WB is highly experienced in the administration of large grants and the processing of loans to national governments, it has very little experience in providing grants to CSOs of the type fundamental to a program such as Peduli. Given the innovative nature of the program, a further purpose of the Review is to assist the WB in understanding the extent to which its grant-making processes are compatible with the transfer of resources to CSOs, with appropriate due diligence, without creating unnecessary administrative burdens.

Peduli is a pilot that can perhaps best be described as a design-implement process. In this context, the Review is intended to support the Peduli team in refining, refocusing, and articulating the Peduli model as it progresses to Stage 2 of implementation in 2013.

At the point of commencement of the Review, Peduli had only been fully operational for nine months. Therefore, it was agreed that it was not possible to assess the impact of the program at either institutional or beneficiary levels. Rather, it was agreed that the Review should seek to identify and characterise emerging changes in terms of beneficiary awareness, knowledge, skills and organizational development.

The Review is specifically intended to determine what has been achieved, to examine the implementation strengths and gaps of the program, and to formulate lessons learnt from its initial stages. The findings of the Review will be used to inform the development and implementation of the second phase of the program and to make a practical contribution to its future.

As such, the primary audience is the Peduli team and its partners. To achieve its purpose, the report has been constructed in a way to provide these stakeholders with a clear framework for assessing standards of performance now and into the future; to provide examples of good practice; to identify challenges and difficulties; to open areas for future dialogue; and to suggest possible future strategies.

ANALYTICAL FRAMEWORK

The very existence of Peduli is based upon a recognition by the Indonesian Government that certain groups and individuals benefit less from poverty reduction programs and public services than others. Bapak Sujana Royat,
Deputy to the Minister for Poverty Alleviation and Community Empowerment, has described marginalized groups in Indonesia as:

"An under-utilized national asset who have been failed by the system."

The underlying program logic of PNPM Peduli can be defined as follows:

CSOs, if effectively resourced, can mobilise their comparative advantages to reach and empower marginalized groups.

For the purposes of this Review, the key terms in this statement can be defined as follows:

- "effectively resourced" refers to the effective provision of the required technical and financial resources to CSOs and the systems by which these are transferred;
- "comparative advantages" refers to the specific attributes, characteristics and behaviours of CSOs that enable these organizations to reach and work with marginalized groups more effectively than other organizations or bodies;
- "to reach and empower marginalized groups" refers to a participatory process of interaction with specific groups. This involves a participatory assessment and planning process in order to identify key actions that can be implemented by the beneficiaries using their existing assets and strengths to address their development priorities, rights and entitlements;
- "to empower marginalized groups" refers to improving beneficiaries' ability to express their aspirations, to demand their rights as citizens, and to participate in decision making regarding the use of public resources.

In terms of the analytical framework presented above, this report is structured so as to identify lessons in five key areas relevant to the achievement of PNPM Peduli’s stated objectives. The report identifies standards of good practice in each of these areas; presents evidence to describe what is and is not working well; and discusses the reasons for these successes and failures. Finally, it presents conclusions and recommendations to inform future decision making.

The review seeks to determine what has been learned about the following through the experience of the program in its initial stages:

- Learning Area 1: The role and comparative advantages of Indonesian CSOs;
- Learning Area 2: The capacities, needs and approaches for capacity building to enable CSOs to reach and empower marginalized groups;
- Learning Area 3: Working on marginalization and social inclusion;
- Learning Area 4: Livelihoods and economic inclusion;
- Learning Area 5: Effective business processes for financing CSOs.

At the outset of the Review, it was agreed that these Learning Areas were priorities in the context of current program experience for the team and partners and that an analysis of the defined issues could be achieved through this Review. The team membership was specifically selected with these learning areas in mind. However, the Review team does not claim that this is a comprehensive and complete list of lessons learnt or of issues affecting the program.

**METHODOLOGY AND TOOLS**

The intent of the Review is to describe the state of the activities and approaches implemented to date under the Peduli program. It is also intended to support the Peduli team and its partners in understanding the extent to which these activities and approaches support progress towards the stated objectives of the program.

As such, the Review is qualitative in nature. It has been produced with the most extensive possible field observations and consultation with a wide range of stakeholders, including EOs and IPs, CSO branches, direct and indirect beneficiaries, Government counterparts, donors and staff and advisers of the WB and PSF.

The Review was conducted between August and October, 2012. The key stages and activities are shown in Figure 2 below:
accessibility and frequency of previous field missions by PNPM Peduli team members. The selection resulted in a greater number of inspections of ‘livelihoods’ activities, rather than on those focussing on access to services, citizenship and social inclusion. However, this emphasis was also an express response to the stated desire of the PNPM team and partners to pay particular attention to this aspect of programming. The emphasis also reflects the orientation of the PNPM Peduli program towards livelihoods activities at the present time.  

Finally, as stated previously, due to the short period for which the program has been implemented, the Review did not attempt to measure impacts at the organizational or direct beneficiary level at this early stage.

THE REVIEW TEAM

The Review was undertaken by a team of independent Indonesian and international specialists recruited by the PSF. The biodata of these individuals is provided in Annex 10.

These consultations were structured to encourage reflection on key observations and involved a focused discussion on issues of concern to the particular stakeholders. Through this means, opportunities to build on the successes and to overcome challenges into the next stage of Peduli were identified.

A list of key questions and issues related to each process is provided in Annex 6.

LIMITATIONS

Clearly, it was not feasible for the Review team to inspect all activities and to visit all stakeholders in a program as diverse in size, scope and geography as PNPM Peduli. Time and resource limitations necessitated pragmatic decisions regarding the field locations to be visited. These decisions were made on the basis of location, scope of activity, relevance to the learning areas, number of partners present, and the sharing of experience and formation of lessons learned. Attendance at the Learning Forum also enabled Review team members to engage in targeted conversations with beneficiaries and CSO partners from provinces where field visits were not conducted, further enriching data and analysis.

A Partner Workshop was held following the field mission to enable the ECs and Peduli team to discuss and reflect upon issues highlighted through the mission. These included issues such as the role of civil society in development, the comparative advantages of CSOs in working with marginalized groups, and the constraints and challenges faced by CSOs in undertaking their mandates.

In addition, consultations with donors, PSF Management and Government were held following the field mission.

Finally, as stated previously, due to the short period for which the program has been implemented, the Review did not attempt to measure impacts at the organizational or direct beneficiary level at this early stage.
The Review team acknowledges that many of the findings presented within this report are not new to the Peduli team or to program partners and stakeholders. However, the Review creates a new opportunity to examine and analyse these issues within a clear analytical framework. It creates an opportunity to view these issues from a wide range of angles and to determine the factors that have a significant positive or negative impact on the achievement of the PDO.

In the following section, a few brief general observations are set out, followed by more detailed discussion of issues relating to the five learning areas.

GENERAL OBSERVATIONS

PNPM Peduli has established a set of relationships and business systems that will support the ongoing development and understanding of effective approaches to reaching and empowering marginalized groups in Indonesia in the future.

The program logic of Peduli is sound and its purpose is relevant. PNPM Peduli responds to priorities identified by the GoI and is based upon clear evidence of needs. The program is positioned so that it can mobilize learning and support the inclusion of marginalized groups within government poverty alleviation programs and government services more broadly.

The high level ownership over PNPM Peduli by the GoI and the high level of collaboration within the PNPM Peduli team is clearly indicated by the frequency of joint field missions and by the allocation of significant time and attention by Menko Kesra to providing guidance to PNPM Peduli staff and partners. This guidance has been facilitated through a number of events, Learning Forums, telephone and email exchanges and regular face to face meetings.

Respectful quality relationships exist at all levels throughout the Peduli chain of influence. These relationships contribute to Peduli’s development and foster the development of enabling environments within which all stakeholders operate.

Despite the short period for which the program has been implemented, beneficiaries are clearly able to articulate emerging changes. These changes relate to increased awareness, improved confidence, higher levels of participation, the expansion of social networks and improved bargaining power.

Peduli has driven change within the WB. Prior to PNPM Peduli, the WB had limited experience in Indonesia and very limited experience elsewhere in the world to facilitate direct financing to CSOs. The program has established a new funding window for CSOs in Indonesia. Through the program, a set of Standard Operating Procedures (SOPs) and a CSO Friendly Guide to WB Procurement for the program has been developed and drafted. Through the program, a process for the selection of EOs has been designed and developed, together with systems for these EOs to develop their own SOPs and Grant Making Systems (GMS) and their own practices of partner identification and program design. The establishment of the architecture for the delivery of PNPM Peduli in a very short time frame is a significant achievement.

However, there is a range of inherent tensions in the PDO. These tensions largely derive from the lack
of a clear geographic and sectoral focus, or a focus on specific issues, causes and or groups. These tensions need immediate attention to enable Peduli and its partners to strengthen the potential impact of the program on the lives of marginalized people and to support the development of a more inclusive society.

Further tensions may continue to emerge as Peduli seeks to define itself in what currently presents as a very large and uncluttered programming space. Amongst other issues, these tensions may relate to conflicts between the goals of social vs. economic development; rights vs. welfare; civil society vs. technocratic approaches; thematic targeting or vulnerability and poverty targeting; geographic vs. thematic scope; and scope vs. impact.

In order for PNPM Peduli and program partners to more effectively focus their efforts, a clear vision statement that defines what Peduli is about and what success would look like is required. As stated previously, Peduli has in effect been a design-implement process. In this context, the team is confident that an appropriate statement of vision and intent will emerge through planned processes to define Peduli’s own Theory of Change (ToC) and to articulate the emerging design.

I know more about trafficking, the law, the role of community paralegals and human rights. I am more confident about meeting people who are not from here. I was confident about dealing with the human resource staff from my husband’s office with regards to a problem with delayed salary payments. Now I can talk in front of class, support my friends with problems and in domestic violence cases.

Septi Riwanti 40 years, Kubu Raya, Pontianak

LEARNING AREA 1: WHAT HAVE WE LEARNED ABOUT THE ROLE AND COMPARATIVE ADVANTAGES OF INDONESIAN CSOS?

The Framework:
The Review recognises that organizations always exist within environments which shape their dynamics and development. Thus, when seeking to determine the comparative advantages and roles of CSOs in development in Indonesia, it is useful to describe the historical role and recent development of Indonesian civil society, particularly within the context of the drivers of political reform and democratisation.

The Review recognises that while different organizations have a range of varying characteristics, they all need to appear appropriate, if not legitimate, in order to exist and to access resources. This is highly pertinent in the case of Indonesian CSOs, who have historically derived their resources from overseas sources. The Review also recognizes that resources for capacity building are a key part of this equation. As such, in order to develop certain capacities, CSOs need to draw support (material resources, knowledge, skills, and promotion) from other sources. Such support may be provided through intentionally established networks or through other forms of loose collaboration.

Finally, organizational development also relies on the specific conditions of organizations and of civil society itself. For example, organizations may lack the incentive to change or to improve their performance as a result of ‘convenient’ forms of external support.

Historical Context: Throughout history, Indonesian civil society has consisted of a number of varying types of entities, including religious, ethnic, professional, community, and mass organizations. These have largely served the needs of particular segments of society and have been supported through locally derived resources. In the 1970’s, a new form of civil society organization emerged in response to and in the context of the bureaucratic, authoritarian, hegemonic approach to development of former President Soeharto’s New Order regime. These organizations largely occupied two key ‘spaces’: 1) those that expressed critical views of the government, voicing resistance to violations of economic and political rights and engaging in advocacy, community organization, and civic education. These organizations were largely supported with resources from external sources; and 2) those that were engaged in service delivery and community development in areas such as health, nutrition, water and sanitation, family planning, resources that were willing to work with communities. Compared to government services, these organizations added value through the strength of their approach to working with communities. While these organizations used and embedded participatory instruments in development practice and organizing, their perspectives and reach were too small to have significant influence. Furthermore, they did not invest heavily in organizational and institutional development.

During the new order period, the orientation of CSOs on servicing the unmet needs of communities resulted in a strong focus on small scale community development ‘projects,’ with a heavy reliance on available human resources that were willing to work with communities. During the new order period, the government took harsh action to stifle the activities of civil society. Even universities and mass organizations were “tamed to consciously not challenge the regime and mass organizations focused on non-political activities and social service.” A large number of government-led “NGOs” were also formed and were largely supported through government and bilateral development projects. The formation of these organizations is now understood to be largely a hegemonic response in the face of the organic emergence of bonefide civil society organizations.

The fall of the New Order saw a proliferation of CSOs of various forms, ranging from those serving particular interests to those claiming to serve the interests of society as a whole. Significant global attention was paid to processes of democratisation and institutional reforms as new political systems with new institutions created new actors in society, interests, and power. Regional autonomy
added further complexity and expanded the number of political arenas in which such organizations could operate. In the context of weak institutional frameworks and a weak central government, an increasing number of actors struggled to access and utilise public resources. At the same time, central and local government became acquiescent in flagship decentralisation, governance and poverty. To understand Peduli’s potential engagement and support working on similar issues.

A newly emerging and partially ‘legitimate’ civil society in the face of democratic demands to create formal arenas for participatory development planning, despite the need for extensive institutional strengthening as a basis for this.

Sujana Royat (Deputy Minister for Poverty Alleviation and Community Empowerment, Coordinating Ministry for People’s Welfare) and Benny Indrayana (Vice Minister for Law and Human Rights) listen to a song of hopes and dreams written by 30 young boys in Rejang Lebong District’s adult prison. PKBI Bengkulu provides health, education and counseling services to the boys and helps prepare them to transition back into society upon completing their sentence.

The Evidence and the Lessons: What is happening within and through the Peduli program? What are we learning from these experiences?

To understand Peduli’s potential engagement and support for civil society, it is necessary to understand the special historical role of networks in creating social change and political reform in Indonesia. Networks have been a characteristic of both mass organizations and grass roots networks. As such, CSO networking and collaboration has been described as “almost stagnant.” The 2011 Civil Society Index states that “the pattern of cooperation with other organizations is still conducted on an individual basis rather than on an institutional basis.” In short, CSOs are limiting their own potential development by failing to tap into resources (materials, knowledge, skill, legitimacy) that could be sourced through effective networking with other organizations.

In this context, there is enormous potential and a great strategic opportunity for PNPM Peduli to support the development of a network and a movement for social change in Indonesia. It can achieve this by harnessing the existing capacities of PNPM partners; by building coalitions for justice and change amongst them; by enhancing their capacities in terms of good practice approaches to working with marginalized groups, advocacy and the mobilisation of media to promote value and behavioural change; and by creating demand for good local governance, participation in decision making and access to services.

Interim Recommendation: PNPM Peduli should continue in its efforts to establish and strengthen CSO networks as a key strategy for both advocacy and capacity building.
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PNPM PEDULI ONE YEAR ON

Review Findings: Lessons Learned

In its first year of operation, PNPM Peduli has focussed on the establishment of systems and the development of early partnerships to support the implementation of the program. PNPM Peduli has made considerable efforts to build relationships and create a sense of partnership between the PNPM Peduli EOs and IPs. The results of these endeavours are very much evident. At meetings, workshops and the Learning Forum, there has been clear evidence of strong working relationships between the EOs, IPs and the PNPM Peduli team. All EOs and IPs have stated that they have worked collectively to define shared meaning and to establish consensus. This strong working relationship extends to interactions with PNPM Peduli team members and Menko Kesra. There is a very clear sense of shared values between PNPM Peduli and its partners, with these shared values forming the basis for cooperation into the future.

As stated previously, the program logic of Peduli is based on an assumption that Indonesian CSOs have comparative advantages in terms of their ability to reach and empower marginalized groups in Indonesia, if they are effectively resourced to do so. However, the statement contains an underlying assumption regarding the capacity of these CSOs.

By understanding the historical development of civil society in Indonesia and the contexts within which CSOs have been developing, we can see that until recently, Indonesian civil society has been locked out of development processes. This points to failures to recognise the legitimacy of Indonesian CSOs into the future. PNPM Peduli cannot simply assume that its partners are viewed as legitimate. The history of the development of civil society in Indonesia also suggests that the capacities of different CSOs will vary widely. In some cases, these capacities may not be as developed as we assume.

Intermediate Recommendation:
Peduli’s own programming strategy needs to include efforts to support the legitimacy of CSOs. This legitimacy needs to be developed by promoting downward and upward accountability of CSOs; by supporting them to deliver on their commitments; by promoting the establishment of networks and communities of practice, and by enabling CSOs to develop skills in effective advocacy and alliance building.

For the purpose of understanding the emerging lessons from Peduli’s capacity building efforts, it is important to distinguish between two distinct concepts: 1) capacity building (CB) and 2) organization development (OD). Capacity building involves understanding the obstacles that inhibit people, governments and organizations from realising their developmental goals and enhancing their abilities to overcome these obstacles and to otherwise achieve measurable and sustainable results.

In short, CB is about improving specific skills and knowledge with the intention of changing specific behaviours through the application of skills and knowledge. CB can take place at a number of different levels, including the individual, institutional and societal levels. In the context of PNPM Peduli, CB refers to strengthening the skills, competencies and abilities of people and communities so they can address the causes of their exclusion and overcome their hardships.

Organization development involves assisting people that belong to an organization (staff, Board members, volunteers) to take on the process of making strategic improvements within that organization toward the same goal. It has been defined as follows:

Organization development is a system-wide and values-based collaborative process for applying behavioural science knowledge to the adaptive development, improvement and reinforcement of such organizational features as the strategies, structures, processes, people and cultures that lead to organization effectiveness.

Of course, organizational development and capacity building are not mutually exclusive: capacity building can be conducted to achieve organizational development. However, it is important to realise that the two concepts involve different approaches and require very different investments:

- OD is a long-range in perspective.
- It is not about delivering a specific intervention such as training,
The statement recognises that the strategy of expecting EOs to be wholly responsible for the delivery of capacity building efforts is not optimal. To address this, PNPM Peduli has made efforts to resource capacity building in a number of different ways:

- Funds have been allocated to EOs so that they may procure external assistance for CB activities for themselves and their partners;
- EOs are entitled to utilize CB resources allocated within their grants to conduct CB activities;
- The PSF provided mentoring and training activities, particularly in areas related to monitoring, evaluation and learning, reporting, procurement and financial management;45
- PNPM Peduli has conducted regular Learning Forums which have brought together beneficiaries, CSOs, EOs, Government and others stakeholders to address key policy and practice issues.

In addition, the PNPM Peduli design concept made provision for the establishment of a Technical Support Group (TSG), the purpose of which was to support a number of functions related to the implementation of the program. These functions include the development of a communications strategy, the implementation of organizational assessments and the development of a capacity building strategy to enable PNPM Peduli and EOs to focus their capacity building efforts and the provision of technical support and other CB activities for partners.

From the outset, PSF has recognized that the establishment of the TSG involved significant challenges. The establishment of this group required a single third party organization to provide capacity building efforts and the provision of technical support and other CB activities for partners.

The Evidence and the Lessons: What is happening in Peduli and what are we learning from that?

The PNPM Peduli PDO reflects an assumption that if appropriately resourced, EOs will be to provide capacity building activities for the development of their own institutions and that of their partners. To some extent, this also assumes that these organizations have sufficient CB capabilities themselves to understand the CB needs of their partners and to respond to them in the appropriate ways.

The PNPM Peduli first Quarterly Report acknowledges that the process of selection of EOs:

"... will favour those organizations that are good at writing proposals, but not necessarily those that are best at identifying and supporting the local CSOs that work with the most marginalized people at the grassroots level."
The Learning Forum was a highly interactive process which brought together a wide range of Peduli stakeholders. It facilitated a sharing of experiences and lessons learnt from programming, extending the networks of participants and fostering improved knowledge through structured sessions on key technical information. Throughout our field consultations, CSOs have consistently affirmed the usefulness of these exchanges, stating that they add value to their programming. The results of Learning Forums are circulated widely and in an accessible manner.

The Review team found that the training provided by EOs was generally interactive in nature and skillfully facilitated. However, in some instances it found that the quality of the training could be strengthened through a recognition that what is being delivered is professional development, with greater attention to effective timetabling, more limited participation, more effective targeting of participants in terms of their roles and function, levels of knowledge, and better application of adult learning principles.

Intermediate Recommendation:
CB is a discipline. Where EOs and CSOs are expected to be able to deliver CB activities, it is important to ensure that they have the skills and capacities to do this in a planned and systematic way. This will ensure better learning outcomes for participants. A future PNPM Peduli CB Strategy needs to consider strategies for building the capacity to build capacity.

Another interesting tension resulting from this early focus of the CB work on OD is the fact that while PNPM Peduli has positioned EOs to become involved in a longer term relationship with CSOs so they could play a stronger CB role, they were not selected on the basis of this capacity. The extent to which each of the EOs has the desire to expand their organizational focus to achieve this goal is unclear. A further consideration is the fact that CB and OD are relative to the needs and contexts of different organizations. As such, it is not feasible for a single agency to meet the entire CB needs of another agency. In addition, it is clear that CB activities need to be tailored to the specific needs of any given organization. This highlights the wisdom of Peduli’s approach in providing resources to the EOs to enable them to facilitate CB activities from third-party service providers. However, questions have been raised regarding the quality and relevance of some of the services provided in this fashion to the CSO partners. Some development programs, such as AusAID’s ACCESS program, are having success in developing market and demand based systems for capacity development. It would be valuable for the PNPM Peduli team to explore the relevance of these to its own model.

Intermediate Recommendation:
PNPM Peduli should continue its efforts to explore alternate models for the sourcing of CB activities for its partners.

PNPM Peduli has invested heavily in establishing quality MEL frameworks and tools. This has resulted in a strong MEL system at the program level. However, the PNPM Peduli team is cognizant of the limitations of EOs and their partners in MEL. Thus, the team is endeavouring to ensure that MEL is strengthened at all levels to ensure a greater analysis and articulation of change for beneficiaries and partners. In addition to the MEL Adviser, PNPM Peduli has recently engaged a full time team member whose tasks will include supporting this work. The clearer articulation of PNPM Peduli’s Theory of Change will reduce some of the inherent tensions within the PDO.

A key concern raised by the PNPM Peduli team at the beginning of the Review process was the importance of shifting the focus of CB activities to strengthening field practice, particularly in terms of knowledge of and ability to apply effective approaches to working with marginal groups by the CSOs. While in the first 12 months of implementation, CB activities have necessarily focused upon the ability of partners to meet their administrative and contractual obligations, the Review found that capacities for effective design, and field practice in some thematic areas were limited. Addressing this must be a clear priority for future CB efforts.

This leads us to a fundamental tension in the Peduli CB strategy: there is a need for PNPM Peduli to address the current tension between OD and CB and to focus its efforts within a clear and achievable framework that assist the program and its partners to achieve the programs stated goals.

In short, PNPM Peduli needs to explicitly determine what are its goals for its partners to ensure the appropriate return on its investments. PNPM Peduli is not an institutional strengthening program. It is not a civil society program. Its capacity building efforts need to be focused to support its fundamental objective: strengthening the skills, competencies and abilities of people and communities so they can address the causes of their exclusion and overcome their hardships.

Peduli’s capacity development efforts should support its positioning as a network of agents for change to empower marginalized groups and to support social inclusion. Effective capacity development is demand driven. It provides a range of options to address the different stages of development and learning styles of organizations and individuals. What differentiates Peduli from generalist civil society programs is its focus on social outcomes for groups who are not reached by other development initiatives. In short, it needs to be “practice” orientated to support partners in the achievement of the desired development outcome.
LEARNING AREA 3: WHAT HAVE WE LEARNED ABOUT WORKING ON MARGINALIZATION AND SOCIAL INCLUSION?

The Framework:
Marginalization describes the multiple disadvantages of people who are systematically excluded from meaningful participation in economic, social, political, cultural and other forms of human activity in their communities and are thus denied the opportunity and access to access fulfill themselves as human beings and to meet their basic needs.48

Marginalization has multidimensional characteristics and extends well beyond poverty. While the poor are often marginalized, marginalization does not refer only to the absence of economic capacity. Rather, it also refers to lack of knowledge, exclusion from participation in the social and political arenas, and lack of political rights and capacity, recognition and power.49

In understanding marginalization, it is important not only to understand the characteristics of marginalization but also the experience of exclusion. Being marginalized means more than having a low income. It includes the lack of capacity to participate in society. For example, a community of persons with disabilities faces exclusion, marginalization and devaluation in a context in which their physical differences prevent them from gaining access to basic services or being fully included in society. Minority groups, such as ethnic minorities and migrant communities, often point to racism and discrimination as factors leading to their marginalization. They seek to overcome this marginalization in order to achieve inclusion as equal citizens. In some cases, they are excluded by law or policy from fundamental rights, such as access to land or resources. Those who lack employment over the long-term face the risk not only of poverty, but also of losing the respect of their neighbours and communities in communities where work even more than income is a sign of full participation in the community.50

The effects of marginalization can be dramatic, often resulting in marginalized individuals suffering from a crisis of identity. They are often considered to be responsible for their own marginalization. This excludes them further and undermines their motivation and ability to participate as active citizens. In some cases, marginalized individuals face social pressure to accept whatever is offered to them, and are made complicit with views and beliefs that are forced upon them. The vicious cycle continues, often being replicated through generations. For example, marginalized groups may not be able to acquire documentation such as birth certification, ‘poor cards’ etc for themselves and their children. This further limits their access to basic services, which in turn exacerbates their marginalization. Marginalization can lead to mental health issues, social tension and conflict. All of these factors contribute to the creation of vicious cycles whereby the external symptoms of marginalization reinforce the feeling and experience of marginalization: “the marginalized are viewed in this light, since they are forced to be so.”51

It is through this understanding of the experience of marginalization and exclusion that we will be able to effectively consider and plan the desired social inclusion outcomes of the PNPM Peduli program. In these terms, social inclusion refers to meaningful engagement in a person’s community, where individuals have access to services, are free to participate in the community, exercise choice and control, find social connections and have a sense of belonging and responsibility.52

In describing marginalized people as “an underutilised national asset,” Bapak Sujana Royat has clearly articulated the intent of Peduli to assist in identifying effective ways of enabling marginalized groups and individuals to gain access to goods and services and to become active participants in society.

"The system has failed marginalized people. The PNPM Peduli program is about creating justice for them."

Sujana Royat

As development actors, we are aware that understanding the causes of poverty does not always lead directly to a strategy for eliminating it. The same is true for marginalization: understanding the causes and characteristics of marginalization does not necessarily lead to “a reliable prescription for overcoming it.”53

With this in mind, we need to maintain realistic expectations about what can be achieved and what cannot. As stated previously, marginalization is multidimensional. It is influenced by a range of factors. As such, as key actors, all stakeholders in the PNPM Peduli program must consciously develop a realistic awareness as to what it can achieve and whom it can realistically influence.

Marginalization and the experience of marginalization may vary significantly between different marginalized groups. In addressing the needs of each particular group, we need to:

- Engage with marginalized people themselves to understand:
  - What is marginalization? What forms does it take?
  - Who is being marginalized? What is the experience of marginalization? What are the costs of marginalization to the individual?
  - Work with the system, including the wider community and government, to understand:
    - Why is marginalization occurring?
    - What are the values and attitudes that reinforce marginalization?
    - What are the systems, norms and behaviours that reinforce marginalization?
    - What are the costs of marginalization and of the exclusion of certain groups to this community/society?
    - What are the drivers for change and what are the processes and mechanisms that can support that change?

We understand that marginalized groups are not responsible for their own marginalization. Rather, they are marginalized as the result of a failure of social, political, regulatory, economic systems. As such, working to empower marginalized groups without reference to the systems is unlikely to result in sustainable change. Rather, we understand that working to address marginalization and to support inclusion requires us to work politically and socially.
The Evidence and the Lessons: What is happening in Peduli and what are we learning from that?

Under the PNPM Peduli program, effective targeting requires the following:

- Selection of the appropriate target group;
- Selection of the correct intervention for particular target groups;
- Selection of correct alliances and relationships to support the intervention, based on consideration of who else needs to be included in the project to enable inclusion.

The Review team visited a range of projects intended to benefit a wide range of target groups including groups consisting of crop and livestock farmers, fisher folk, migrant workers, ex-political prisoners and accused Communist sympathizers, slum dwellers, transgendered, gay and lesbian individuals and recovering drug users. The largest proportion of Peduli supported projects (88 percent) focus on activities to foster livelihoods, particularly through the facilitation of income generating activities. With few exceptions, these projects were based on the establishment of groups of beneficiaries working to achieve a shared goal.

The Review confirms concerns that the targeting of beneficiaries has been more challenging than anticipated. It is clear that some projects targeted the right groups with the right interventions. However, some projects provided good interventions to poorly targeted groups, while others provided poorly designed interventions to appropriate groups.

**CASE STUDY: IBU MAJINAH (53 YEARS), GUNUNG KIDUL**

Ibu Majinah never participated in community events because she and her family still bore a stigma related to the parents’ record as political prisoners following the events of 1965. However, she was encouraged by Laksepadam to engage in community activities for the first time in her life.

“My first and meaningful group involvement was with a big group named Kiprah Perenipaun in Yogyakarta back in 2008. Now, I also participate in a micro finance group, regular social gathering, and village meetings,” she says.

Majinah has also participates in sewing training through her involvement in the Mawar Indah Group, which is supported by Laksepadam and PNPM Peduli. The group is new and she is just starting to develop sewing skills, so she is still unsure if she will be able to generate an income from it. However, she enjoys the classes and is happy to be engaged in communal activities with other women.

“Actually, there are other people in this village who are worse off than me. Some of these people have uncertain incomes and no Jamkesmas. They should be included in this program!”

Emi, Female beneficiary 32 years, Bantul

Poor targeting was largely the result of a combination of multiple factors, including the following:

- Lack of clear program guidance and systems to support effective targeting;
- Misunderstanding and misinterpretation of the meaning of marginalization;
- Uses of inappropriate tools for assessing marginalization;
- Creation of opportunities or spaces for own programming priorities.

Overall, partners felt that at the outset, Peduli did not provide sufficient guidance to support effective selection of target groups and of programming interventions. The definitions of marginalization used within early documentation of Peduli provided a ‘shopping list’ of different target groups and encouraged partners to try to work with as many of these groups as possible in the pilot period.

Marginalization was not clearly defined at the beginning of the program. However, we tried to focus on the marginalized groups mentioned in the PNPM Peduli guidelines.

The justification for this is that that the pilot phase was an opportunity for Peduli to test approaches to working with different types of marginalized groups and with different approaches to accessing them. However, with hindsight, assumptions regarding the comparative advantages and capacities of CSO partners and of the EOs to oversee them were to some extent overestimated, given the size and scope of the Peduli program.

EOs and their partners have raised the issue of the focus on livelihoods and economic development in the selection of interventions. This focus may be partly due to a perception that the PDO places emphasis on economic empowerment. However, CSOs consistently reported that they felt there was a strong message from PNPM Peduli and Menko Kesra that they should focus on economic inclusion. As a result, they encouraged their partners to focus activities in this area.

Intermediate Recommendation:
Prior to entering into the next stage of program development, PNPM Peduli and its partners should take time to reflect and develop a clear Theory of Change to enable more effective targeting of beneficiaries and activities.

While the PNPM Peduli Operations Manual states that EOs are responsible for:

Selecting suitable partners (local CSO/branches) and project activities utilising the Operational Manual guidelines to ensure that the right partners are selected and the target marginalized groups are reached.

There is no further guidance as to how this should be achieved. Targeting could be significantly strengthened through attention to the identification and development of tools for targeting marginalized groups and aligning programming interventions to address both the symptoms and causes of marginalization. Not only do these tools need to be developed at the program level, but the definitions, values and guidance they imply must be reflected within contracts, SOPs, appraisal and evaluation processes at all levels within the Peduli chain of influence. Naturally, resources need to be allocated to enable partners to use these tools in a meaningful way. Capacity building, monitoring, evaluation and learning activities can play a significant role in achieving this.

The lack of external contestability of CSO proposals is a key weakness, contributing to poor targeting. Current project selection is undertaken by EOs using internal selection processes (see Learning Area 5), with limited contestability.
LEARNING AREA 4: WHAT HAVE WE LEARNED ABOUT WORKING ON LIVELIHOODS AND ECONOMIC INCLUSION?

Under the PNPM Peduli program, the vast majority (88 percent) of current interventions implemented by the CSOs focus on ‘livelihoods’. However, both PNPM Peduli team members and EO partners have begun to question this emphasis, considering whether the program should consider increased emphasis on other possible interventions such as access to services, citizenships, rights and social protection and inclusion more broadly. To guide the future direction of the program, livelihoods has been designated as a key learning area for the Review.

The Framework:
An examination of the sustainable livelihoods approach (SLA) helps us to better understand issues affecting members of marginalized groups and the contribution that Peduli partners make to improving the livelihoods of beneficiaries. The SLA provides a framework that helps us to understand the issues that affect poor people’s livelihoods and the relationships between them. This framework is set out in Figure 3 below:

### LEARNING AREA 4: WHAT HAVE WE LEARNED ABOUT WORKING ON LIVELIHOODS AND ECONOMIC INCLUSION?

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![Sustainable Livelihoods Framework](image)

**Figure 3: the Sustainable Livelihoods Framework**

**KEY Livelihoods Assets:**
- **H** = Human Capital
- **N** = Natural Capital
- **F** = Financial Capital
- **S** = Social Capital
- **P** = Physical Capital

**SLA also provides a set of principles intended to guide action to address and overcome poverty and economic exclusion:**

- **People-centred**: SLA begins by analysing people’s livelihoods and how they change over time. The people themselves actively participate throughout the project cycle.
- **Holistic**: SLA acknowledges that people adopt many strategies to secure their livelihoods. It also acknowledges that many actors are involved. For example, these actors may include those from the private sector, ministries, community-based organizations and international organizations.
- **Dynamic**: SLA seeks to understand the dynamic nature of livelihoods and what influences them.
- **Build on strengths**: SLA builds on people’s perceived strengths and opportunities rather than focusing on their problems and needs. It supports existing livelihood strategies.
- **Promote micro-macro links**: SLA examines the influence of policies and institutions on livelihood options and highlights the need for policies to be informed by insights from the local level and by the priorities of the poor.
- **Encourage broad partnerships**: SLA counts on broad partnerships drawing on both the public and private sectors.
- **Aim for sustainability**: Sustainability is important if poverty reduction is to be lasting.

*A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resources base.*

The SLA is useful because it recognises the diversity of aspirations, the importance of assets, and the constraints and opportunities resulting from institutional structures and processes. In practical terms, it focuses on people, rather than resources and organizations, highlighting the fundamental importance of participation to the achievement of sustainability.

**What implications does this have for the manner in which CSOs can and should be programming?** SLA is intended to facilitate people gaining power and resources to improve their quality of life. This is usually initiated through some form of business/economic activity that will facilitate gradual changes in social, educational, cultural, or political values.

Therefore, to support livelihoods, good practice emphasizes a mindset and work processes that optimise resources and which regards the community as the primary actor. To achieve this, the following activities are important:

- **Mapping of the community’s potential and opportunities within the community**: This mapping is intended to facilitate an understanding of the community assets that provide the basis for the community to become more productive. Mapping activities include: FGD, surveys, data collection and analysis;
- **Group strengthening**: The facilitation of consensus to develop a work plan is critical for ensuring that the livelihood approach is sustainable. The building of consensus usually requires a series of group discussions, approaching community stakeholders through socialization, FGD, workshops, and village meetings;
- **Individual capacity building**: This is required to enable people to become more productive. Individual capacity building may involve skills training, technical production, entrepreneurship, and mentoring;
- **Strengthening collaboration and cooperation**: This is required to integrate the external environment with the activity through workshops, gatherings, business meetings, and study tours;
- **Access to business services**: This involves facilitating the finding of partners with whom community members can strengthen their business through access to capital, markets, business partners, and other resources.

Through these processes, the community is encouraged to understand the means by which its members can overcome obstacles to the achievement of their goals. They learn how to work with stakeholders from different sectors and levels and to gain a better understanding of the relationship between individual aspirations and community priorities.
The short project cycle has had a negative impact on the quality and sustainability of economic development activities. CSOs report that they have had no time to engage communities in program planning and the assessment of opportunities. This has led to a poor assessment of opportunities and constraints, which significantly impact upon success. For example, one partner established an enterprise to cultivate catfish in NTB. However, after the partner had conducted training with beneficiaries, it was found that there was a shortage of catfish fingerlings (bibit lele) in the province. Thus, these fingerlings had to be sourced from outside NTB, which raised the cost of production and undermined the income and the individual needs of groups’ members. Such an approach often triggers conflicts between members as a result of conflicting individual interests. The group approach also runs the risk of reinforcing existing and unequal power structures. This may undermine empowerment and lead to inequitable transactions.

When implemented effectively, these processes may result in a range of innovations:

- **Institutional Innovation**: For example, the achievement of shared goals, the formation of formal groups, collaboration, and a common platform;
- **Commercial innovation**: For example, improved packaging, branding, shared marketing;
- **Technological innovation**: For example, improved efficiency in production, production systems, and marketing.

The Evidence and the Lessons: What is happening in Peduli and what are we learning from that?

As stated previously, under the PNPM program, the vast majority (88 percent) of current interventions implemented by the CSOs focus on ‘livelihoods’. The majority of these interventions consist of the following:

- **Skills training**: Training in skills related to food and handicraft production, plant nurseries, farms, and fish ponds;
- **Entrepreneurship training**: Training focused on improving basic knowledge and motivation for entrepreneurship, rather than on business management skills (market research, the importance of business plans, how to calculate costs, develop financial plans, and financial record-keeping);
- **Supporting access to government programs**: related to poverty alleviation and business development.

The Review confirms concerns that CSOs have a limited understanding of sustainable livelihoods approaches. It confirms that capacities to work effectively on livelihoods issues are generally weak, with little potential to result in activities that deliver tangible and sustainable economic benefit for beneficiaries. The livelihoods interventions implemented by CSOs focus on group and household level production and income generation. They are not based on appropriate strategies for community empowerment and the mobilisation of assets to achieve their economic and wider development outcomes.

Key identified weaknesses in the level of knowledge of CSOs include:

- Lack of a holistic understanding of the SLA;
- Lack of access to effective tools to undertake sound livelihoods analysis and business planning: For example, the Review found numerous instances of CSO staff failing to calculate costs of production to inform pricing of outputs. In some cases, this has led to the cost of production exceeding earnings from the sale of outputs;
- Lack of understanding of assets: Assets are considered to consist of tangible objects, such as equipment and land. Assets should be interpreted more broadly to include intangible assets, such as individual capacity, social relations, natural resources, village infrastructure, and financial resources;
- Lack of understanding of issues surrounding access to capital, debt dependency, effective saving systems;
- Lack of business and marketing skills, including facilitating access to market.

Key weaknesses in the approaches of CSOs identified include:

- A focus on skills training for first stage production and processing without prior implementation of effective market research, analysis of production costs or value chains to support pricing, business planning, financial literacy training etc;
- Lack of analysis of and utilisation of strengths and assets: Examples of such underutilisation include cases of skilled professional people (paralegals, economics and graphic arts graduates) marginalized due to past addiction, HIV status or because they are transgender. In some cases, interventions are focused on involving such individuals in activities such as cleaning motorcycles or primary production, rather than on supporting their reintegration into the workforce or find alternative avenues to apply their professional skills and expertise;
- Lack of engagement of communities and beneficiaries in program planning: In some cases, this has led to poor compliance or program activities which are not suitable for local conditions;
- Poor cost and benefit analysis at the outset: for example, see the case of Ibu El (see box below);
- The use of ‘kelompok’ group business systems and failure to recognise that not everyone can or wants to be an entrepreneur;
- The positioning of community members as recipients or objects rather than as primary actors, through the distribution of tools and equipment, provision of one-off training and technical inputs, rather than through involvement in joint planning and analysis, partnering and mentoring.

Without exception, the Reviewers noted that CSOs have implemented livelihood activities through group-based (kelompok) approaches. While this approach offers a convenient modality through which CSOs can program, kelompok approaches are rarely effective, except in terms of improving bargaining power for the purchase of raw materials and for accessing capital. A group-based approach is less likely to address the individual motivations and the individual needs of groups’ members. Such an approach often triggers conflicts between members as a result of conflicting individual interests. The group approach also runs the risk of reinforcing existing and unequal power structures. This may undermine empowerment and lead to inequitable transactions.

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Peduli is a “learning by doing” exercise for the WB. While the WB is well versed in large grant administration and the processing of loans to countries, it has very little marginal target groups. However, competitive funding arrangements often exclude certain types of CSOs from access to funding due to their inability to meet generic requirements for this funding. Increasingly, donors and grant-making organizations are recognising that in order to broaden the access to a wider spectrum of civil society actors including, newly emerging CBOs, media, village and stakeholder interest groups, and FBOs, it is important to provide a range of different grant types. These should have eligibility criteria which will enable groups to access varying types of funding according to the needs and capacities of the specific groups.

The Framework:
An assessment of the relevance and effectiveness of the grant making system established for Peduli is best discussed within the context of current trends in donor good practice for financing civil society and CSOs, as characterised below:

- Accessibility and flexibility of Grant Management Systems: The funding of non-traditional and diverse groups is an important characteristic of good practice
good practice for financing civil society and CSOs, as characterised below:

If partners do not have the requisite skills to improve economic outcomes for beneficiaries, should they be involved in this kind of intervention? This is an especially relevant question when the intent of the program is to foster not just the economic inclusion of beneficiaries, but also their social inclusion. At present, EOs and CSOs are focusing on livelihoods activities because they see these activities as an easy entry point to working with poor communities on wider and systemic issues of social inclusion, not because this is their area of skill, expertise and interest.

In the interests of achieving downward accountability and ensuring that the program achieves its stated objectives, this question needs to be resolved as a matter of urgency. This could perhaps best be done through a ToC process in which the overarching PDO of Peduli is on the basis of the lessons learned from the last 12 months of programming, as set out in this report.

Intermediate Recommendation:
There is an urgent need to reassess Peduli’s current focus on economic empowerment and livelihoods. It is essential to determine the conditions under which this form of engagement can be supported. It is also necessary to determine what capacity building and monitoring efforts are necessary to ensure that associated interventions provide an appropriate return on investment and do not result in harm.

LEARNING AREA 5: WHAT HAVE WE LEARNED ABOUT EFFECTIVE BUSINESS PROCESSES FOR FINANCING CSOS?

GOOD PRACTICE: COMMUNITY EMPOWERMENT STRATEGIES

In the PNPM Peduli Learning Forum in Makasar, the Kawsal Rombeo Community Foundation (KBCF) from East Kalimantan made a presentation on issues faced by the community, addressing the approach taken and the strategies adopted under the program. The KBCF approached focuses on the potential of the community. KBCF implemented a range of livelihood activities intended to meet the needs of the community. This included the cultivation of carp in Tambak Boja village. The carp cultivation program was created and certified as a Women’s Business group in Tekalaolo village. To ensure the sustainability of the program, KBCF also took steps to include government and private stakeholders.

**The PNPM Peduli program is just the start of a long series of empowerment strategies that will be implemented in 3 years**, says Saparudin, the manager of KBCF program.
focus on fiduciary risks can lead to a failure to address other capacity deficits, even though these deficits may potentially influence or undermine the program or lead to additional risks. Systems to ensure the appropriate selection of partners should be based on the intended outcomes of the program. They should be based on a sound analysis of the institutional capacities and attributes of the partner to deliver in terms of these intended outcomes and to enable proportionality and provide value for money (VfM). While many donors are currently implementing two-stage restricted or select tender processes, contestability is still a fundamental value, particularly in terms of enabling the emergence of new actors and approaches;

**Use of intermediaries:** Few donors are able to bear the significant transaction costs associated with directly financing CSOs. Therefore, as in the case of PNPM Peduli, donors rely upon the use of intermediaries such as Managing Agents, international NGOs and national CSOs. While this may be appropriate in terms of managing the flow of finances, this approach may also create a number of risks and challenges. For example, intermediaries may not have the same capacities as donors to:

a. Mediate where relations between civil society and its organizations and the State are conflictual; and
b. Establish linkages between civil engagement and efforts to strengthen the capacity and responsiveness of state institutions; and
c. Absorb the inherent risks where they do not have the diplomatic weight that donors enjoy.

Unless intermediaries have a high degree of legitimacy amongst a wide stakeholder group, utilising them as grant makers may position them as “gatekeepers,” which could lead to divisions and/or the co-opting of specific agendas. Ultimately, it may lead to the stifling of the natural diversity of civil society views and opportunities for all, and the establishment of effective evaluation and learning processes, ensuring equal opportunities for all, and the establishment of effective safeguards. At the institutional level, this approach also requires ensuring that regular reviews of partnerships, contracting arrangements and institutional capacities are conducted regularly to determine that the partner continues to demonstrate the required skills, capacities and systems to achieve the development objectives in an effective and efficient manner.

**Financing Arrangements:** The way in which CSO development activities are financed (funding cycles, the GMS operational procedures) significantly influences the way in which CSOs are able to implement activities. For example, project-based funding can seriously affect “the quality of aid funds for people-centred sustainable development.” It can result in an overreliance on service delivery and project-based activity that can significantly hamper the contribution of CSOs in the civic arena as they struggle to secure sufficient funds to ensure their ongoing existence. Current trends in donor financing to civil society shows a shift away from project focused funding and towards program and partnership funding in situations where CSOs have demonstrated capacity. Increasingly, financing is moving towards approaches that include core funding, long-term and multi-year programmatic and institutional funding, co-financing, and funding the up scaling and/or replication of existing programs, rather than on the financing of discrete ‘projects’. Some donors, such as SIDA, are adopting this approach not only with their direct partners, they are also encouraging their own core-funded Swedish NGO partners who act as intermediaries to reduce administrative transactions and to include core-funding and long term (3-4 year) funding to their own partners.

**Accountability:** Good financing practices promote transparency. Such approaches require equal attention to upward and downward accountability. They involve measures such as the public disclosure of information relating to funding, performance and results, the engagement of beneficiaries and key stakeholders in planning and decision making, monitoring, evaluation and learning processes, ensuring equal opportunities for all, and the establishment of effective safeguards. At the institutional level, this approach also requires ensuring that regular reviews of partnerships, contracting arrangements and institutional capacities are conducted regularly to determine that the partner continues to demonstrate the required skills, capacities and systems to achieve the development objectives in an effective and efficient manner.

**The Evidence and the Lessons: What is happening in Peduli and what are we learning from that?**

**The Financing Relationships**

In order to achieve its objectives, Peduli is testing a number of models for the financing of Indonesian national CSOs to deliver grants to and build the capacities of local CSOs to enable them to work with marginalized groups:

**Model EO-A** provides grants to national EOs, who each receive a grant to strengthen their own management systems and operational capacity and to provide sub-grants to third party organizations (local CSOs) to a) support their poverty reduction activities with marginalized groups; and b) to strengthen their management and organizational capacity. Kemtraan and ACE are the current EO-A Grant holders under this model.

**Model EO-B** provides grants to national membership organizations, who receive a WB Grant to strengthen their own management systems and operational capacity and to build sub-national branches to a) support poverty reduction activities of sub-national branches with marginalized groups; and b) strengthen their management and organizational capacity. Lakpesdem, a subsidiary of the Nahdhalul Ulama, a national faith-based organization with 30 million members, is the only current holder of an EO-B Grant under this model.

EOs were selected through a competitive, select tender process overseen by PSF (see Annex 1). During this process, the Panel identified three additional organizations which it had set specific potential, while qualified for a grant under the two models set out above. As a result, it was decided to test a third model, as described below:

- **The EO-IP Model:** This model was developed to manage risk while supporting aspiring EOs to develop capacities as grant making organizations in the future. Under this model, three additional organizations (Intermediary Partners, or IPs), were attached to one of the EOs and received smaller block grants, which they then channelled to their own partners (Tertiary Partners, or TPs). IKA, Bina Swadaya and PKBI were all appointed as IPs under this model.

When asked about their strategic motivation for engaging with Peduli, Kemtraan, ACE and IKA each described themselves as GMOs, indicating that grant making was part of their core business and strategic vision. It should be noted also that this issue of CSOs positioning themselves as GMOs is also manifest at sub-national levels. Thus, a number of Peduli programs are working with a provincial sub-granting organization. This has wide ranging implications for the flow of resources and the targeting of capacity building efforts, as it adds a further, unplanned layer to Peduli’s chain of influence.
To some degree, the extent to which EOs and IPs have positioned themselves as GMOs may be a reflection of their current grant arrangement with the program, in which their role is specifically articulated in this way and supported by reporting milestones linked to their grant making functions.

**Intermediate Recommendation:**
Engagement with ALL partners in Peduli, including EOs, should be based on shared strategic programmatic interests, as opposed to their intention to position themselves as GMOs. This should also be the case for sub-national organizations acting as local GMOs.

All stakeholders (PF, EOs, IPs and CSOs) agree that the mechanism of partnering IPs with EOs has not been particularly effective. EOs and IPs state that the current arrangement has resulted in an increased administrative burden (reporting, contracting, disbursements, monitoring etc), which in turn has resulted in delays and increased transaction costs and fiduciary risk. The creation of additional new layers distances EOs from field activities and reduces their ownership of program activities, with these EOs supporting programs that may not fit with their overall programmatic focus or approach.

The idea that this model would support the capacity building of IPs was flawed firstly because IPs were required to use the EO systems and Standard Operating Procedures (SOP) rather than their own and secondly because EOs were not provided with additional resources to support this model or to implement the additional capacity building activities are required.

**Intermediate Recommendation:**
The IP Model should not continue. Given that this model has not worked to facilitate the expected capacity building and skills transfer for IPs, PNPM Peduli needs to consider the mechanism by which it will assess the capacity and suitability of IPs to become EOs in the future. This mechanism may include opportunities for new actors to be engaged.

There are indications that mass membership organizations are motivated to achieve higher levels performance and accountability at all levels (upward and downwards and within teams). In the case of Lakpesdam, this can be attributed to a sense of downward accountability to a strong and wide membership base, a clear vision and operational ethos, and strong institutional structures, policy frameworks, management systems and lines of accountability. While this clearly needs to be tested through further partnerships, the indication is that mass organizations may be able to facilitate significant change at both institutional and societal levels.

**Selection of CSOs for On-granting**

**Model A:** Kemtraan and ACE used a combination of methods to select their CSO partners. In most cases, selection was based on pre-existing relationships. For example, Kemtraan invited CSOs with whom they had previously collaborated in programs to benefit indigenous peoples and to address governance and forestry issues. It engaged with the CSOs because they provided a logical fit with the stated purpose and intent of Peduli. Similarly, ACE reviewed its existing partnerships and selected CSOs with whom they had previously collaborated and whom they felt were a good match for the PNPM Peduli program’s priorities.

The intention of Peduli to test programming approaches and to reach a more diverse beneficiary base impacted significantly upon the scope of each EO’s programmatic base and the section of partners. For example, Kemtraan solicited additional partners whom they knew had experience in addressing particular priority issues, such as HIV, reproductive health, street children and micro-enterprise development. ACE also actively sought new partners, such as Our Voice, to address LGBT issues. However, it also strongly encouraged its existing partners to engage in programmatic/thematic areas that were new to them. For example, this included LPDIM and PPSW Borneo, who were “strongly advised” to work with migrant workers, a group with which they had no previous experience or relationship.

In each case, existing networks were used and participation was by invitation only. There was no wider, open call for partners or proposals. This lead to limited competition for resources and no external contestability.

**Model B:** Lakpesdam established a set of key criteria which it used to identify and invite 20 member branches to engage in the implementation of Peduli. It also worked with LPP NU and LP NU, who proposed a further nine and one additional partnership respectively. Lakpesdam then worked with these 30 branches to develop their proposed activities, all of which were funded.

For this selection, there was no widely promoted process of internal contestability. On reflection, Lakpesdam itself recognized that the criteria used to select partners focused on capacities for project and grant management, rather than on the programming approach and the orientation of the selected branches and their capacity to work with marginalized groups.

**Model EO-IP:** Peduli negotiated contracting relationships between the EOs and IPs. Due to existing relationships and some shared programming priorities, PKBI and Bina Swadaya were partnered with ACE. Kemitraan was partnered with IKA, due to the perceived closer link between the institutional ethos and interests of the two organizations.

IP on-granting followed the patterns defined by the two models above, with IKA and Bina Swadaya on-granting in the same manner as the national CSOs (Model A), providing grants to existing partners and organizations within their civil society networks. PKBI conducted on-granting as a national membership organization (Model B), providing grants to a number of its own branches on the basis of internally created criteria.

**Lessons Learned: Selection of CSOs for On-granting:**
In all cases, there has been limited contestability in the selection of partners and projects funded under the program. To some extent, this is justified by the extremely wide scope of Peduli, which encouraged partners to work with as many marginal groups and in as many locations as possible. It is also justified by the breadth...
organizations that have a sound track record in appropriate to establish partnerships with specific design and implementation. These issues are dealt with in effectively with marginalized groups. This has contributed capacities, rather than on the quality of design of fiduciary risk and on project and grant management. There was also a disproportionate focus on the reduction development practices. excluded from grant funding.

In working with marginalized groups, it is entirely appropriate to establish partnerships with specific organizations that have a sound track record in performance with these groups. However, the Review team does not feel that this was achieved through the Peduli on-granting arrangements in place at the present time, despite the inclusion of specific organizations such as Our Voice and SWARA, which may be otherwise have been excluded from grant funding.

of the membership base of Model B organizations; the fact that proposal and program development process were not resourced by the program; and the fact that the timeframe for partner selection and proposal development was far too short and did not allow for good program planning and development practices.

There was also a disproportionate focus on the reduction of fiduciary risk and on project and grant management capacities, rather than on the quality of design interventions and the capacities, technical capacity, programming approach and attributes required to work effectively with marginalized groups. This has contributed in some cases to poorer than expected targeting, program design and implementation. These issues are dealt with in more detail in section XXX of this report.

Grant contracts to EOs and subsequent on-granting to CSOs has followed the pattern of funding to the PSF itself. As such, grants to CSOs are for 10 months periods without security of ongoing funding following the Pilot Stage. In practice, delays in disbursements have shortened this timeframe by a further 2–3 months, in some cases leaving an actual implementation period of 7–8 months only.

EOs, IPs and CSOs consistently report that the short project cycle means they are unable to focus on the content and quality of the program and are unable to use participatory development practices for the design of activities and throughout implementation.

It’s all too fast. The short timeframe stops us from using good community development and community planning processes. Empowerment is all about the processes that people have been through. There is no time for the community to internalise the planning process and really understand what the program is trying to do.

Lack of funding certainty disincentivises programmatic approaches and limits the abilities of EOs, IPs and CSOs to plan long–term advocacy efforts to address the structural causes of poverty and marginalization, which require longer term engagement in terms of networking, credibility and relationship.

To achieve our goal we need to work and look beyond the visible and tangible activities and outputs. However, because of the funding timeframe, the EO is more concerned about the outputs than the process.

CSO FGD

After EOs and IPs were selected, they were expected in turn to select partners and develop detailed proposals and budgets for on–granted activities against a budget allocation provided by Peduli. This process was undertaken in a two–month period between June and July 2011.

EOs consistently report that they felt they were not provided with the adequate resources and support to undertake this work. In particular, they did not have budgets to undertake field verification visits to CSOs and communities in many provinces. In turn, they were unable to provide resources to their intending CSO partners to facilitate participatory assessments and community planning processes. In some cases, CSO staff developed the proposal and selected beneficiaries without transparent processes. This has clearly contributed to the number of poorly targeted programs currently being supported.

Both Peduli staff and EOs became aware of this early in the implementation phase. Peduli has responded by providing some room for EOs and CSOs to reassess needs and to review and adjust activities. However, this has not been possible in all cases. Rather, in some cases, for pragmatic reasons, some poorly targeted activities will simply run their course until the next funding cycle, at which point the focus of the problem will be clearer and greater attention will be paid to effective targeting. This will result in some poor performing and poorly targeting initiatives being phased out.

While EOs and CSOs alike complained about the lack of financial resourcing for this design stage, the Review team felt that few EOs and CSOs possessed sufficient design expertise to achieve the quality of targeted programming that Peduli aspires to. Thus, attention to both the technical
and financial resourcing of CSOs and EOs in the design of the future program should be given equal attention and priority.

“By not financing the preparation and planning phase, Peduli runs the risk not only of failing to meet beneficiary needs and to lessen value for money, but of undermining the beneficiaries’ ownership of the program in the long run.”

Short term financing does not fit with the development outcomes that PNPM Peduli seeks to achieve. Such financing leaves EOs and CSOs with extremely limited design options, especially in a context where they are being asked to develop programs and approaches with non-traditional partners and with marginalized target groups who do not have access to other forms of support. Such financing promotes and supports the design and implementation of short-term projects rather than the longer-term programs that are more likely to result in meaningful impacts at the beneficiary level, especially where the desired results include the behavioural and attitudinal change required to facilitate empowerment, citizenship and participation.

Intermediary Recommendation:
The development of systems to ensure the more effective provision of financial and technical resources so CSOs and EOs to design interventions should be given high priority in the next phase of Peduli and its associated programming activities.

Disbursements and Payments
EOs, IPs and CSOs all experienced delays in disbursements and payments as a result of:

- The fixed ceiling on EOs’ designated accounts;
- The limited capacity for pre-financing of EOs; and
- Poor capacity of CSOs in financial documentation and reporting.

The initial fixed ceiling of 10–15 percent of the total grant value in the EOs designated account was insufficient to meet the cash flow requirements of multiple partners. This resulted in delays to some payments, with others only receiving partial payment of their transfer requests. This was the case with Lakpesdam, which provided equal tranche payments to each branch rather than disbursing against work plans and cash flow estimates. Unable to pre-finance, ACE was similarly unable to finance partners in line with their work plans and estimates.

The Peduli team recognized very early on that the ability for partner to pre-finance was not adequately assessed at selection. In response, changes were implemented to the disbursement system. Initially, the percentage limit was increased to 20 percent. Later, the system moved from a percentage advance to an expenditure forecast system. This provides an excellent example of efforts by the PSF to seek to reorientate its systems in line with its intention of establishing an efficient and effective system for CSO financing.

“With the changing to forecast-based we feel safer and can follow our disbursement timeline.”

Titik Hartini, ACE

Poor capacity has also contributed to delays. CSOs acknowledge that they have received a lot of mentoring and training support from the PSF Finance Management teams. In turn, members of these teams have stated that this has “brought them closer to the CSO partners than any other PSF CSO program.” Monthly meetings have been held, with PSF Finance Team members reviewing disbursement plans and other financial documentation. Given these efforts and the changes made to financial management procedures, there is an onus on EOs to focus on strengthening their own financial management and planning systems.

CSOs report that delays and partial payments have significantly constrained program implementation. Plans made in good faith with community members have had to be adjusted, postponed and in some cases cancelled due to cash flow considerations. Procurement of tools and equipment required for training was often not possible until after the planned event. This undermines the implementation of interventions and undermines relationships and trust with beneficiaries.

Lessons Learned: Disbursements and Payments

The issue of the low level of capacity of some CSOs in the area of financial documentation and reporting is not unexpected in a CSO program in any context, and will generally lead to some delays in disbursements to some organizations. This issue needs to be addressed through pragmatic attention to the development of user-friendly guidelines and systems and through the provision of capacity building and other specific activities to ensure that CSOs programs and standing in the community are not undermined by administrative concerns.

EOs and CSOs acknowledge that participation in Peduli has strengthened their capacities in the areas of financial, administrative, procurement and contract management. This is particularly relevant for small CSOs that have no previous history of accessing institutional funding.

The high level of responsiveness by the PSF to resolving the financing issues experienced by EOs and CSOs is strong evidence of its commitment to establishing an effective and efficient system for financing CSO activity in Indonesia.

“As a new organization, SWARA received a lot of support from the PSF in establishing the finance system. Support was provided to implement procurement procedures, to ensure that all receipts were correctly documented and to produce the finance report.”

Luluk, SWARA
We have been helped by PSF through its provision of Regular and intensive technical assistance in the area of financial management. Through this, we have learned to improve our financial management system.

Ufi, Lakpesdam

Procurement

World Bank procurement processes have had a significant impact on program delivery. Without exception, EOS/IPS and CSOs have found WB procurement procedures complicated and onerous. They have frequently stated that guidelines are not sufficiently user-friendly either for CSOs or EOSs. WB procurement team members indicated that the capacity of EOSs to support procurement processes was lower than initially anticipated. Limited capacities in this area have contributed to delays in procurement. In turn, these delays have had an impact on the implementation of program activities. For example, numerous CSOs reported that often, in the period between the completion of the required paperwork for procurement and the granting of approval, the equipment originally intended for purchase had been sold or is otherwise unavailable. Thus, the procurement process had to recommence. Others report that delays in the approval of procurements has meant that tools and equipment required for training and/or distribution to community members has arrived well after the training has been conducted and the activities for which this equipment is required have already commenced.

EOs were required to obtain a No Objection Letter (NOL) for their procurement plans before conducting transactions. This requirement applied not only to the EOSs, but also to each of their partner CSOs. This requirement created significant administrative burdens on the CSOs and the EOSs in the early stages of the program. It was the primary cause of delays reported by CSO partners. Although grant agreements between the EOSs and the program were signed in July 2011, NOLs were only issued in September. This meant that the EOSs were unable to issue contracts to CSOs until October 2011. As a consequence, the effective program period for CSO activities was reduced from 12 to 8 months. This had knock on effects at the field level, resulting in insufficient community engagement in activity planning and inception, less internalisation of the intended outcomes of the program by beneficiaries and communities, a reduced frequency of activities, increased attention to outputs and less focus on the quality of program.

The Peduli team has been acutely aware of the potential impact of this issue on the program from the outset and have proactively engaged in seeking to minimise its impacts. In particular, the Peduli team made concerted efforts to streamline Procurement Guidelines to make them more accessible and functional for CSO partners in the field, while still maintaining globally accepted standards for accountability and transparency. Amongst other efforts, this included the development of a Procurement Procedures Manual for CSOs, which is currently passing through the approval process; negotiating changes in the value thresholds which apply to specific transactions; enabling PSF procurement specialists to provide training and support to EOSs; and visiting field locations to provide specialist capacity building and to troubleshoot to overcome administrative obstacles.

EOs and CSOs have complained that the administrative processes for procurement mandated by the WB have changed throughout the short period during which the program has been implemented, with these changes resulting in an added administrative burden, lack of clarity and complexity. However, there is also a recognition that these changes are the result of the early understanding that EOSs own systems would be utilized and of the Peduli team's ongoing efforts to seek to streamline administrative processes in the interests of good donor practice in relation to CSO financing. These efforts by the Peduli team are highly valued by the partners and will be vital for ensuring that an efficient and effective system for CSO financing is developed. Ongoing efforts by the team to internally advocate for efficient, effective and accountable administrative processes for procurement and grant making more generally within the WB are to be strongly encouraged.

Accountability: Peduli policy stresses the importance of all partners upholding good practice in terms of accountability and transparency. However, in practice, the orientation of partners is focused much more on upward accountability than on downward accountability. CSOs report exclusively to EOSs, whose SOPs do not adequately reflect expectations regarding transparency of funding, activities etc. For example, Lakpesdam Gunung Kidul was the only one of the 17 CSOs visited by the Review team that had made its

Intermediate Recommendation:

WB procurement processes (combined with poor financing timelines) have had a significant negative impact on program delivery. Ongoing efforts by the team to internally advocate for efficient, effective and accountable administrative processes for procurement and grant making more generally within the WB are to be strongly encouraged.

Reporting Systems: The strategy of using each EO's established systems for reporting has reduced administrative burdens and transaction costs. EOSs familiarity with their own SOPs enables them to be more effective in communicating reporting requirements with partners and branches. In some cases, CSOs are already familiar with the EOS' systems. In turn, this reduces their administrative burden. Financial reporting is still challenging for some CSOs that have less developed organizational forms and structures or less experience in working with donors and grant making organizations (e.g. SWARA, Our Voice). It is also challenging for those who draw on a voluntary and loosely associated membership base, such as Lakpesdam branches. In such cases, EOSs should be careful to ensure that administrative arrangements do not become the prime focus of the relationship and therefore undermine their potency as effective agents of citizen voice.

With regard to narrative reporting, EOSs, IPs and CSOs alike expressed the opinion that current Peduli reporting requirements are quantitative by nature. As a result, they provide limited incentive to report qualitatively on program challenges and progress. However, in making this assessment, they appeared not to regard the regular dialogue that they have with Peduli staff through monitoring visits and other exchanges and participation in learning forums as part of the reporting process.
budget and expenditure publically available. Laudably, this branch make this information available in a manner so that beneficiaries were not only able to discuss the budget but also to influence financing decisions.

“The facilitator made details of the budget available to us and asked us what support we needed to increase our enterprise development. We discussed this amongst our members and decided to allocate a bigger portion to buy sewing machines and a smaller portion to saving activity.”

Sutihah, Gunung Kidul

Of course, downward accountability and transparency is good practice for donors and CSOs alike. It is also a valuable tool for demonstrating the principles of good governance and citizenship in a way that is accessible and relevant to beneficiaries. It builds capacities and enables beneficiaries to demonstrate empowerment outcomes by participating in programming decisions. Peduli should strongly encourage downward accountability as a process of development at the levels of both practice and policy. This could be achieved through a range of strategies, including support policy and learning dialogue, capacity building, M&E systems, policy and procedures reviews and contracting.

Intermediate Recommendation: Peduli should strongly encourage downward accountability as a process of development at the levels of both practice and policy. Clear strategies and management systems need to be put in place to enable this, including proportional attention to the measurement of partner performance and accountability to beneficiaries and other stakeholders.

GOOD PRACTICE: DOWNWARD ACCOUNTABILITY

Public Financial Report: Lakpesdam NU Gunung Kidul

Lakpesdam NU Gunung Kidul published a special edition of their Bulletin, focusing on their PNPM Peduli supported activities, in June 2012.

This special edition contains a range of articles and information about poverty, the outcomes of their economic empowerment workshop, photos, information about program activities and a financial statement which explains financial inflow and outflows for the program.

“Financial transparency is an important part of our approach to civic education and empowerment,” said M. Zainuri Ihsan, Manager of Lakpesdam Gunung Kidul.
The purpose of this external Review has been to develop a snapshot of PNPM Peduli in its first year of operation. Through this process, the Review describes lessons learnt to enable the PNPM Peduli team and its partners to consider the future direction of Peduli and to move forwards into a new phase of the program.

The intermediate observations and recommendations provided throughout this report will assist PNPM, the government, PSF and PNPM Peduli teams and their partners to make detailed policy and implementation decisions to support the development of the program. These decisions require considerable reflection and discussion within the context of the emerging lessons from Peduli implementation and the programming standards provided within each of the Learning Area sections of this report. As such, these intermediate recommendations are set out in the relevant Learning Area sections and are not repeated in detail here. (They are reiterated in Annex 11).

This section sets out broader overarching observations and recommendations. If addressed as a package, these recommendations will enable PNPM Peduli to continue to develop good practice approaches to working with marginalized groups in Indonesia.

OVERALL ASSESSMENT
PNPM Peduli has established a set of relationships and business systems that will support its ongoing development and understanding of effective approaches to reaching and empowering marginalized groups in Indonesia into the future.

With the implementation of the program, there have been indications of emerging outcomes in relation to social inclusion. In a number of cases, beneficiaries have acknowledged changes in terms of increased awareness, confidence, participation, social networks and bargaining power.20

While the focus in the pilot phase of the program has been on the establishment of systems and relationships, it is understood by all stakeholders that increased attention to the quality of interventions and design of activities is a priority as Peduli moves to full implementation. We trust that the observations and recommendations made in this report will assist in establishing mechanisms and systems to support this.

OVERARCHING STRATEGIC RECOMMENDATIONS
The program logic and purpose of Peduli is sound and relevant. PNPM Peduli responds to priorities identified by the Indonesian government. The program is positioned to support the inclusion of marginalized groups within government poverty alleviation programs and government services more broadly.

For PNPM Peduli and its partners to be able to focus their efforts more effectively, a clear vision statement that defines what Peduli is about and what it is for is required. The following is an example of such a statement:

"PEDULI IS ABOUT JUSTICE ….
It exists to support marginalized people to develop bargaining power with their government and within their communities.

Sujana Royat
countries from which to draw on. Not only has Peduli established a funding window, it has developed and received approval for a set of SOPs for the program. It has also drafted a CSO Friendly Guide to WB Procurement. It has designed and implemented a process for the selection of EOs. In turn, it has worked with these EOs to develop their own SOPs and Grant Making System (GMS) and their own processes to identify partners and design programs. Peduli is facilitating internal change within the WB. The program has been identified as a pilot for the WB to shift from compliance focused procurement to principle focused procurement.61

Peduli’s role in capacity development stems from and supports its role in the development of a network of agents for change to empower marginalized groups and support social inclusion. Effective capacity development is demand driven. Such capacity development provides a range of options to address the different stages of development and learning styles of varying organizations and individuals. Peduli can be differentiated from generalist civil society programs because of its focus on social outcomes for groups who are not reached by other development initiatives. In short, it needs to be focused on practical outcomes rather than being institutionally focused. In this manner, it can support partners working towards the desired development outcome.

Program level outcomes do not result from a portfolio of discrete and disassociated projects. In order to address marginalization, Peduli and its partners need to shift towards programmatic approaches. Peduli has tested a range of approaches to working with marginalized groups. Some will have positive impacts on the lives of marginalized people. Some will not. Real success for Peduli is most likely to be achieved through the implementation of a smaller portfolio of programs focused on specific issues or communities. The program will achieve success by describing social and rights based outcomes; providing and resourcing opportunities for learning and sharing good practice across programs; and facilitating the ability of partners and beneficiaries to engage as a group with government partners. There is great scope for the development of much wider partnerships and networks to through Peduli. There is also a clear need for the development of such partnerships and networks.

Peduli partnerships should build upon the existing experiences and capacities of known organizations, utilising tested approaches. Peduli needs to actively avoid pushing partners into working outside their areas of institutional competence. It should identify partners who are able to work to achieve the goals of PNPM Peduli and to implement programs based on practical and effective approaches to addressing marginalization at its root cause. This is particularly relevant for the work on livelihoods, the manner in which related activities have been implemented necessitating some serious reflection, if not reconsideration, within the program.

In the immediate future, PNPM Peduli needs to focus on the alignment of emerging good practice for funding to CSOs and working with non-traditional organizations and groups. The manner in which donors finance CSOs directly affects what these CSOs are able to achieve on the ground. While PNPM Peduli has made significant progress in establishing a system to finance NGOs, it must now focus on ensuring the quality of that system so that it is in line with donor good practices. Measures to achieve this may include longer program cycles, the use of user-friendly procurement and reporting systems and ensuring contestability at partner selection and activity design stages.

The quality of partner programs in terms of targeting, relevance and technical quality can be significantly strengthened through the development of higher levels of contestability; the effective resourcing of design processes; and the development of quality tools for assessment and program planning. PNPM Peduli stakeholders are aware that now that systems have been established, attention needs to be paid to strengthening the quality of CSO programming. In part, these improvements will be supported through a review of financing practices and timeframes. Other improvements will require significant support for CSOs to identify the core competencies and behaviours required by their staff and organization as a whole to work effectively towards empowering marginal groups. It will then be necessary to establish meaningful capacity building strategies to develop these core competencies and behaviours.

Respectful quality relationships are evidenced at all levels of the Peduli chain of influence and are contributing to Peduli’s development and the creation of enabling environments within which all stakeholders operate.

The establishment of the architecture for the delivery of PNPM Peduli is a significant achievement. Prior to PNPM Peduli, the WB in Indonesia had limited experience and no mechanisms in place for direct financing to CSOs using their own systems, and limited experience in other

A group of women who have been internally displaced due to religious conflict in Ambon, receive skills training from Lakpesdam Ambon. These women have formed small groups and now make and sell their own cookies locally.

We are confident that this type of statement of vision and intent will emerge through planned processes to define Peduli’s own Theory of Change and to articulate the emerging design.

Peduli counterparts, staff and partners are shaping and modelling relationships and behaviours which reflect the values of equality, humanity and justice. Such relationships and behaviours form a vital foundation for the implementation of the program.
This document was created to meet the needs of PNPM Peduli’s primary stakeholders. These stakeholders include the PNPM Peduli team, its partners within government and civil society, and members of the communities served through the program.

We emphasise that many of the findings presented within this report are not new news. However, the Review creates the opportunity to spend some time to take stock, to examine key issues within a clear analytical framework, to view these issues from a wide range of angles, and to consider which of these have significant positive or negative impact on the ability of the government, EOs, PSF or any of the partners along the Peduli chain of influence to achieve the PNPM Peduli PDO.

The Review team hopes and trusts that the discussion, evidence, lessons, ideas, guidance, reflections, accolades and criticisms contained within this report will contribute to the ongoing development of the program.

None of these options stand alone, nor are they mutually exclusive, nor are they ours!

We hope to inspire J Edwar, Meuthia, Rima, Early Dewi, and Donna Leigh

PNPM Peduli could support national organizations to work with multiple stakeholders in three provinces to test, document and demonstrate sustainable models for enabling landless ethnic minorities to gain access to and manage community forest lands, share lessons at the national level and support the replication of the model by other actors into the future.

PNPM Peduli could support a national membership organization to develop as community of practice promoting pluralism and freedom of religious choice.

Peduli could support quality, targeted research to understand the systems and barriers that excludes certain groups from accessing government services and use this to develop and test practical solutions to overcoming these barriers.

Peduli could support a national organization which provides basic services in education or health to examine and understand its own internal behaviours and barriers which prevent some segments of society from accessing its own services, and use this understanding to implement change management processes fostering inclusive practices so that these groups gain equitable access to services.

PNPM Peduli could become a social movement, based on principles of philanthropy, compassion, and volunteerism which inspires people to act to reduce discrimination and stigmatisation.

Peduli could support anti-bias training within the media and promote broader tolerance and reduction in discrimination and stigmatisation by supporting media organizations to send positive messages and images of marginal and excluded segments of society.

Beneficiaries, CSO and Executing Organization staff together with Kemenko Kasza and the PSF share learning, celebrate achievements and participate in program planning throughout 2012 (PNPM Peduli Learning Forums, PNPM Peduli Retreat, Management Retreat)
### ANNEX 1: SUMMARY OF PEDULI EXECUTING ORGANIZATION (EO) SECTION PROCESS

The following is the timeframe of the Peduli EO Selection Process.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal Initiation Meeting</td>
<td>7 December, 2010</td>
</tr>
<tr>
<td>Proposal Writing Clinics</td>
<td>14 &amp; 15 December, 2010</td>
</tr>
<tr>
<td>Proposal Submission Deadline</td>
<td>3 January, 2011</td>
</tr>
<tr>
<td>Proposal Review &amp; Selection</td>
<td>3–13 January, 2011</td>
</tr>
<tr>
<td>Grant Awards announced</td>
<td>17 January, 2011</td>
</tr>
<tr>
<td>Launch of PNPM Peduli</td>
<td>23 March, 2011</td>
</tr>
<tr>
<td>Financial &amp; Procurement Assessments</td>
<td>February–April, 2011</td>
</tr>
<tr>
<td>Initial training on Operational Manual and Grant Agreements held</td>
<td>April–May, 2011</td>
</tr>
<tr>
<td>Signing of EO grant agreements</td>
<td>June 2011, 2011</td>
</tr>
</tbody>
</table>

The following is a summary of the outcomes of the EO selection process.

<table>
<thead>
<tr>
<th>Model</th>
<th>Model A</th>
<th>Model B</th>
<th>IPs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mapping of Potential Organizations</td>
<td></td>
<td></td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>Invitation to Submit Pre-proposals</td>
<td>10</td>
<td>5</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Submitted pre-proposals</td>
<td>7</td>
<td>5</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>No. of Shortlisted Organizations</td>
<td>5</td>
<td>4</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>No. of Selected Organizations</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>
ANNEX 2: MAP OF PEDULI SUPPORTED PROJECTS
ANNEX 3: EVALUATION TERMS OF REFERENCE

TERMS OF REFERENCE FOR EVALUATION OF THE PNPM PEDULI PILOT PROGRAM

Background

PNPM Peduli is a Government-led, multi donor trust funded program delivered through the PSF. It was developed in response to a growing awareness by government that certain individuals and groups benefit less than others from poverty reduction programs and public services. The program objective is to improve the capacities of Indonesian CSOs to reach and empower marginalized groups to improve their socio-economic conditions.

The program provides grants to three Indonesian CSOs referred to as “Executing Organizations” (EOs). Two EOs—ACE and Kermitra—received funds to strengthen their own management and operational capacity and provide sub-grants and capacity building to local CSOs. At this stage, they also have national intermediary partners who receive funds which are channelled to their own partners; however this structure will not continue into a second phase. The third EO, Lakspeedan, is a faith based organization and it provides funds and support to its sub-national branches. The Program now has partnerships with 72 Indonesian CSOs (3 EOs and their 3 Intermediate Partners, 36 local CSOs and 30 branches of NU).

Progress to date includes:

- Activities are being implemented in 231 villages working on livelihood (90%), access to services (8%) and rights and social justice (2%).
- CSO Partners are working in 91 districts across 24 provinces
- 9,125 direct beneficiaries (63% female, 36% male and 1% transgender).
- 404 community groups have been established or strengthened
- 34 types of marginalized groups are participating in the program including: indigenous people, female micro-entrepreneurs, farmers and fishers, garbage collectors, street children, sex workers, migrant workers, trafficked women and children, gay and transgender people, domestic violence survivors, children in prison and people with HIV/AIDS.
- Grant agreements were signed on 30 June 2011 and activities began in October 2011. All activities will continue until December 2012. During this period, the PSF Peduli team in collaboration with EOs has established systems and mechanisms for program management including: Standard Operating Procedures, financial and fiduciary systems, M&E system including the Management Information System (in progress) and a draft Capacity Building Plan. All EOs, CSOs and PSF provide quarterly reports and in June 2012 PSF is finalizing a substantial Progress Report (submitted to government end July 2012) that documents emerging changes at community and CSO level, lessons learnt and operational issues.
- The pilot phase will finish in December 2012 and the government is considering support for a second phase. This will be informed in part by this evaluation of the pilot program’s contribution to addressing the needs of marginalized groups.

Aims of the Evaluation

The aim of the evaluation is to assess the extent to which the Program is on track to deliver against the key Program results against the four key objectives above. Given nine months of implementation, the evaluation is not expected to assess impacts at the beneficiary level but will however look for evidence of emerging changes in terms of beneficiary awareness, knowledge and skills and organizational development.

The evaluation will look at what has been achieved, the implementation strengths and gap and lessons learnt to inform the second phase. It will explore the performance of CSO activities with marginalized groups, EO performance in grants management, capacity building for their partners, and PSF performance in managing the overall program and compare this with similar CSOs who did not receive support from PNPM Peduli. Key aspects of the evaluation will be on assessing the current reach of and demand for the program at the community level; how the different EO organizational structures and decision making processes affect program implementation; the positioning of the Program and opportunities for engagement with GoI on emerging policy initiatives such as social protection. The evaluation will also examine the importance of reaching marginalized groups in the context of Indonesia’s policy environment for poverty reduction.

Specifically the Program’s performance will be assessed in relation to the following dimensions:

Dimension 1: Partnerships between CSOs and marginalized groups for development activities

- Emerging changes for marginalized men, women and transgender in relation to livelihoods, access to services and knowledge of rights and the drivers for those changes that are attributable to PNPM Peduli;
- Through a stock-take of various approaches used by CSOs to work with marginalized groups (awareness raising, capacity/skills building, strengthening livelihoods etc), an assessment of: (a) the extent to which these activities can be carried out in an efficient manner; and (b) the extent to which these approaches are effective in generating long term improvements in the lives of marginalized individuals
- Strengths and weaknesses of CSO relationships with their constituents.

Dimension 2: Capacities of Indonesian CSOs

- Improvements in CSO operational systems and capacities to engage with marginalized groups as a result of PNPM Peduli;
- Improvements in CSO partner networks with other CSO partners and other stakeholders to promote collaboration and shared learning on issues for marginalized groups as a result of PNPM Peduli;
- Capacities of CSOs to implement activities; and
- Increased capacities of CSO partners for scaling up number of beneficiaries and partners.

Dimension 3: Capacities of Executing Organizations/Intermediary Partners

- Improvements in EO operational systems and capacities to engage with CSO partners;
The Final Report will provide an analysis of emerging results, findings, opportunities and gaps and a set of recommendations that cover (but not limited to):

- Improving the technical efficiency and effectiveness of Program management structure and processes;
- Strengthening program approaches for empowerment of marginalized groups and gender/social inclusion;
- Strengthening the capacity building component for EOs and CSO in management and technical areas;
- Improving processes for documenting and sharing learning by PSF, EOs and CSOs.

Possible areas for policy engagement with local and national government building on current opportunities and G01 priorities, and Options for scaling up CSO partnerships and the reach of the program.

Methodology

- Desk review including the following:
  - EO and CSO proposals
  - Activity reports including quarterly reports of EOs, CSO partners and PNPM Peduli Progress Report
  - Standard Operating Procedures used by PSF, CSOs and EOIs
  - Financial and management records of the EOs
  - Relevant government documentation
  - International literature on good practices for working with marginalized groups
  - Any other relevant documentation concerning implementation of the Program

Conduct planning meeting with EOs, G01 and PSF staff to:

- Refine and agree on methodology and evaluation questions
- Identify CSO partners, key informants and locations for field visits
- Develop preliminary work plan
- Clarify roles and responsibilities of different parties (PSF, EOs, Go1)
- Develop work planning, tools and logistics for the evaluation

Consult with the following at national level:

- Representatives of Menkokesra and Bappenas
- Representatives of PSF and PNPM Peduli team
- EO and IP implementing teams
- PSF, EOs, Go1 representatives
- Representatives of local government (district/kelurahan, village) where CSOs are working

Prepare and present a summary of preliminary findings to district stakeholders for verification and further inputs

- Make a presentation of the final Report within PSF to Go1, CSO and donor representatives.

Output:

1. A Work Plan detailing a schedule of tasks/activities to be undertaken during the contractual period
2. Evaluation instruments
3. Field visits report
4. Presentations of summary of findings for district and national level verification and discussion
5. Final presentation at PSF based on final written report approved by government and PSF

Duration:

50 days during period of August–October 2012, comprising:

- 14 days preparation, desk review and Jakarta based meetings
- 24 days field work (3 districts)
- 12 days for draft and final report writing

TEAM COMPOSITION AND QUALIFICATIONS

Evaluation Leader

- At least 10 years experience in working in community empowerment programs in developing countries, preferably with Indonesian experience
- At least 5 years experience in program management capacity
- Demonstrated experience in designing and conducting program evaluations including experience in developing participatory valuation tools
- High level analytical skills and report writing skills (English)
- Demonstrated experience working with civil society organizations, preferably in Indonesia
- Demonstrated understanding of gender and social inclusion in community development
- Ability to work in Indonesian and English language

Livelihoods Specialist

- At least 10 years experience in working in rural livelihood programs in developing countries, preferably with Indonesian experience
- Demonstrated experience in designing and conducting program evaluations, preferably for donor funded programs
- High level analytical skills and report writing skills (English)
- Demonstrated understanding of CSO sector in Indonesia
- Demonstrated understanding of gender and social inclusion in community development
- Ability to work in Indonesian and English language

Social Inclusion Specialist

- At least 10 years experience in working in community development with a specific focus on issues of social inclusion in the Indonesian context
- Demonstrated experience in conducting program evaluations, preferably for donor funded programs
- High level analytical skills and report writing skills (English)
- Demonstrated understanding of CSO sector in Indonesia
- Ability to work in Indonesian and English language

Assistant Researchers (two positions—at least one with strong background in CSOs)

- At least 5 years experience working in community empowerment programs in Indonesia
- Experience in facilitating focus group discussions and key informant interviews
- Demonstrated understanding of CSO sector in Indonesia (at least one researcher must have a strong CSO background)
- Demonstrated understanding of gender and social inclusion in community development
- Analytical skills and report writing skills (Indonesian)
- English language is desirable but not essential

Administration Assistant

- At least 5 years experience working in an administrative role, preferably in international development agency
- Good communication and organizational skills
- Experience in coordinating logistics at national and district level
- Ability to work with minimal supervision including capacity for problem solving and taking initiative
- English language is desirable but not essential
### ANNEX 4: FIELD MEETINGS AND ORGANIZATIONS CONSULTED

#### BROAD FIELD SCHEDULE
Throughout the Review process various team members attended different groups of meetings in different locations.
The following table shows the broad field schedule of the Review.

<table>
<thead>
<tr>
<th>Dates</th>
<th>Location and Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 7th</td>
<td>Attendance at Peduli Quarterly Meeting</td>
</tr>
<tr>
<td>August 23rd–25th</td>
<td>Team Briefings and Planning-Jakarta</td>
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<tr>
<td>August 26th–September 8th</td>
<td>Consultations and Field Visits-Jakarta</td>
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<td>September 9th–12th</td>
<td>Field Visits–West Kalimantan</td>
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<tr>
<td>September 13th–16th</td>
<td>Field Visits–Lombok</td>
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<tr>
<td>September 16th–19th</td>
<td>Field Visit–Yogyakarta</td>
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<td>September 20th–23rd</td>
<td>Attendance at Learning Forum–South Sulawesi</td>
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<td>September 20th–22nd</td>
<td>Donor Meetings–Jakarta</td>
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<tr>
<td>September 24th–October 3rd</td>
<td>Follow up Meetings and Partner Workshops–Jakarta</td>
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<td>September 24th–27th</td>
<td>Government Meetings WB and PSF Stakeholder Dialogue–Jakarta</td>
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<tr>
<td>Sept 24th–29th</td>
<td>Team Analysis Sessions–Jakarta</td>
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#### The following provides a list of external meetings throughout the field visit

<table>
<thead>
<tr>
<th>Executing Organizations (EO’s) and Intermediary Partners (IP’s)</th>
<th>Organization</th>
<th>Address</th>
<th>Day/Date</th>
<th>Time</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Association for Community Empowerment (ACE)</td>
<td>Kompleks Depkaj H Umaridji No 39 Rawa Bambu 2 RT 1007 Pasar Minggu</td>
<td>Wed, Aug 29, 2012</td>
<td>09:00–13:00</td>
<td>EO’s 1st meeting</td>
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<tr>
<td>2. Indonesia untuk Kemanusian (IKA)</td>
<td>Jl. Kemandoran 1, No. 97, Kebayoran Lama, Jakarta Selatan</td>
<td>Sat, Sept 1st, 2012</td>
<td>10:00–12:00</td>
<td>IP’s 1st meeting</td>
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<tr>
<td>3. Kemtraan</td>
<td>Jl. Wolter Monginsidi No. 3, Kebayoran Baru Jakarta 12110</td>
<td>Mon, Oct 1st, 2012</td>
<td>13:00–15:00</td>
<td>IP’s 2nd meeting</td>
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<tr>
<td>4. Lakpesdam</td>
<td>Jl. Ramlili No.20A Menteng Dalam, Tebet, Jakarta</td>
<td>Tues, Aug 28, 2012</td>
<td>09:00–12:00</td>
<td>EO’s 1st meeting</td>
<td></td>
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<tr>
<td>5. PKBI</td>
<td>Jl. Hang Jebat 3 No. F3 Kebayoran Baru, Jakarta Selatan</td>
<td>Wed, Aug 29, 2012</td>
<td>14:00–16:30</td>
<td>IP’s 1st meeting</td>
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**Civil Society Organizations (CSOs)**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Address</th>
<th>Day/Date</th>
<th>Time</th>
<th>Purpose</th>
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<tbody>
<tr>
<td>6. Hurin</td>
<td>Jl. Jatibaru, Tn Abang, Jakarta</td>
<td>Thurs, Sept 6, 2012</td>
<td>15:00–17:00</td>
<td>CSO’s meeting</td>
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<tr>
<td>7. Jangkar</td>
<td>Jalan Haji Navi No 12, Gandaria–Jakarta Selatan</td>
<td>Thurs, Sept 30, 2012</td>
<td>10:00–13:00</td>
<td>CSO’s meeting</td>
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<tr>
<td>8. Kawal Borneo Community Foundation</td>
<td>Jl. Anggrek Merpati 1 No. 60 Kompel Batu Alam Permai, Samanindra, 75124 Telp/Fax: 620/541–7773622</td>
<td>Fri-Sat 21–22 Sept 2012</td>
<td>10:00–13:00</td>
<td>IP’s 1st meeting</td>
</tr>
<tr>
<td>9. Lakpesdam Bantul</td>
<td>Plno Wonoeloei, Ploto, Bantul, DI Yogyakarta Telp/Fax: 0274–5313454</td>
<td>Fri-Sat 21–22 Sept 2012</td>
<td>10:00–13:00</td>
<td>CSO’s meeting &amp; field visit</td>
</tr>
<tr>
<td>10. Lakpesdam Gunung Kidul</td>
<td>Jl. Tenta Ralgar Tegalarluyo, Ds. Kepek, Wonoasari, Gunung Kidul, DI Yogyakarta, 0274–7022694</td>
<td>Fri-Sat 21–22 Sept 2012</td>
<td>10:00–13:00</td>
<td>CSO’s meeting &amp; field visit</td>
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<tr>
<td>11. Lakpesdam Indramayu</td>
<td>Jl. Di Panjaitan No. 24 Indramayu 45212 T.0234–271802</td>
<td>Thurs, Sept 6, 2012</td>
<td>10:00–18:00</td>
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<tr>
<td>12. Lakpesdam Mataram</td>
<td>Jl. Porji Tilar Negara No.144 Perummas, Tanjung Karang Permas, Kec Sekarbeloa, Kota Mataram Tel. 0370–637301</td>
<td>Fri, Sept 14, 2012</td>
<td>10:00–16:00</td>
<td>CSO’s meeting &amp; field visit</td>
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<tr>
<td>13. Lakpesdam Pontianak</td>
<td>Jl. Selat Bari RT 005 RW 020 Kel. Silatkan Tengah Kec. Pontianak Utara Kota Pontianak Kalimantan Barat Tel. 0561–747559</td>
<td>Tues, Sept 11, 2012</td>
<td>10:00–16:00</td>
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<tr>
<td>No</td>
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<td>Gender</td>
<td>Address (Village-District)</td>
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<tr>
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<td>Pabean Udik-Indramayu</td>
<td>Lakespadam Indramayu</td>
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<td>Arief</td>
<td>M</td>
<td>Tanah Abang-Jakarta</td>
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<td>4</td>
<td>Lena Marliyanti</td>
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<td>Pematang 7-Kubu Raya</td>
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<td>Septi Riwanti</td>
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<td>Fitriyani</td>
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<td>Lakespadam Pontianak</td>
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<td>Kampung Manggul</td>
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<td>Elia</td>
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<td>11</td>
<td>Sainin Baig Saynum</td>
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<td>Hairuni</td>
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<td>Eni Susanti</td>
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<td>37</td>
<td>Muhammad Maruf</td>
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<td>Argumulyo–Sleman</td>
<td>LPP NU</td>
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<td>38</td>
<td>Soegiono</td>
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<td>39</td>
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**Government**

<table>
<thead>
<tr>
<th>No</th>
<th>Organization</th>
<th>Address</th>
<th>Day/Date</th>
<th>Time</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>Coordinating Ministry for People's Welfare of Indonesia</td>
<td>Deputy VII Room, Menko Kesra, Jl. Medan Merdeka Barat</td>
<td>Fri, Aug 31, 2012</td>
<td>10.00-11.30</td>
<td>Briefing</td>
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<tr>
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<td>Fri, Sep 28, 2012</td>
<td>13.00-15.30</td>
<td>Sharing information from field visit with CSOs and meeting with EOs</td>
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**Donor**

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<tr>
<th>No</th>
<th>Organization</th>
<th>Address</th>
<th>Day/Date</th>
<th>Time</th>
<th>Purpose</th>
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<tbody>
<tr>
<td>27</td>
<td>AusAID</td>
<td>Menteng</td>
<td>Tue, Sept 4, 2012</td>
<td>3.00-4.00</td>
<td>Meeting with Donor</td>
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<tr>
<td></td>
<td></td>
<td>Cyber Building 2, 8th Floor, Jl. HR Rasuna Said, Kuningan, Jakarta</td>
<td>Fri, Sept 21, 2012</td>
<td>10.30-11.30</td>
<td>Meeting with Donor</td>
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<td></td>
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<td>Thu, Sept 20, 2012</td>
<td>13.00-14.00</td>
<td>Meeting with Donor</td>
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### Beneficiaries: FGDs**

<table>
<thead>
<tr>
<th>No</th>
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<th>Address (Village-District)</th>
<th>CSO</th>
<th>Date of Interview</th>
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<tbody>
<tr>
<td>1</td>
<td>Sri Lestari</td>
<td>F</td>
<td>Limbung-Kubu Raya</td>
<td>PPSW Borneo</td>
<td>Sept 10, 2012</td>
</tr>
<tr>
<td>2</td>
<td>Semiri</td>
<td>F</td>
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<td>3</td>
<td>Tuginem</td>
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<td>Nurun</td>
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<td>5</td>
<td>Yuliana</td>
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<td>Martina</td>
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<td>Maryati</td>
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### Government

<table>
<thead>
<tr>
<th>Ministry</th>
<th>Person Position</th>
<th>Process</th>
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<tbody>
<tr>
<td>Coordinating Ministry for People's Welfare of Indonesia</td>
<td>Dr. Susana Royat Deputy Minister of the Coordinating Ministry for People's Welfare for Poverty Alleviation and Head of the National Oversight Working Group for PNPM</td>
<td>Sharing information from field visit with CSOs and meetings with EOs</td>
</tr>
<tr>
<td></td>
<td>Budi Madatalena Deputy Assistant for Micro Finance and Applied Technology of the Coordinating Ministry for People's Welfare for Poverty Alleviation</td>
<td>Sharing on review team planning and preparation</td>
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### World Bank/PNPM Support Facility

<table>
<thead>
<tr>
<th>Unit/Department</th>
<th>Person</th>
<th>Position</th>
<th>Process</th>
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</thead>
<tbody>
<tr>
<td>PSF</td>
<td>Jan Weetjens</td>
<td>Head of the PSF, World Bank</td>
<td>Consulted during preparation and planning, implementation and reporting of review process</td>
</tr>
<tr>
<td></td>
<td>Sorja Litz</td>
<td>World Bank senior legal advisor for the Justice for the Poor Program</td>
<td>Consulted during preparation and planning, implementation and reporting of review process</td>
</tr>
<tr>
<td>PNPM Peduli</td>
<td>Felicity Pascoe</td>
<td>Coordinator of Peduli Program, World Bank</td>
<td>Consulted during preparation and planning, implementation and reporting of review process</td>
</tr>
<tr>
<td></td>
<td>Vinny flaviana Hyunanda</td>
<td>Operation Analysis Peduli Program</td>
<td>Consulted during preparation and planning, and implementation of review process</td>
</tr>
<tr>
<td></td>
<td>Nina Shatifan</td>
<td>Monitoring, Evaluation and Learning Adviser</td>
<td>Consulted during preparation and planning, implementation and reporting of review process</td>
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### Executing Organizations

<table>
<thead>
<tr>
<th>Organization</th>
<th>Person</th>
<th>Position</th>
<th>Process</th>
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<tbody>
<tr>
<td>ACE</td>
<td>Titik Hartini</td>
<td>Executive Director</td>
<td>1st and 2nd meeting with EO, Workshop</td>
</tr>
<tr>
<td></td>
<td>Siti Masiyah</td>
<td>Program Manager</td>
<td>1st and 2nd meeting with EO, Workshop</td>
</tr>
<tr>
<td></td>
<td>S. Hartini</td>
<td>HRD &amp; Finance Officer</td>
<td>1st and 2nd meeting with EO</td>
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<tr>
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<td>Sukartingsih</td>
<td>Cashier</td>
<td>1st and 2nd meeting with EO</td>
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<td>Ade Gunawan</td>
<td>Program Officer</td>
<td>1st meeting with EO</td>
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<td>Tursiah</td>
<td>Program Officer</td>
<td>1st meeting with EO</td>
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<tr>
<td>Jangkar</td>
<td>Okta</td>
<td>Program Manager</td>
<td>Meeting with organization</td>
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<td>Yatna</td>
<td>Head of Karang Taruna Kp.Bali</td>
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<td></td>
<td>Adi</td>
<td>Fasilitator Kp. Bali</td>
<td>Meeting with organization, Field visit Kp Bali</td>
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<td>Mizi</td>
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<td>Meeting with organization, Field visit Kp Bali</td>
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<td>Elvan</td>
<td>Fasilitator Menteng</td>
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<td>Puskesmas Menteng</td>
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<td>Position</td>
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<td>Organization</td>
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<tr>
<td>General Secretary</td>
<td>Hartoyo</td>
<td>Our Voice</td>
<td>Meeting with organization</td>
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<tr>
<td>Staff</td>
<td>Yatna</td>
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<tr>
<td>Person in Charge (PIC)</td>
<td>Ricky</td>
<td></td>
<td>Audio Visual</td>
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<td>PIC Graphic Design</td>
<td>Imam</td>
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<td>Wiwid</td>
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<td>PPSW Borneo</td>
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<tr>
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<td>Reny Hidjazi</td>
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<tr>
<td>Community Organiser</td>
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<tr>
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<td>Satunama Boedi Susilo</td>
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**YLBH PIK**

**Meeting with SWARA Luluk Program Coordinator**

**Meeting with Organization**

**Meeting with Ratna Program Coordinator**

**Meeting with Organization**

**Meeting with Yudit Community Organiser**

**Meeting with Organization**

**Meeting with Riza Field Officer**

**Meeting with Organization**

**Meeting with Shanti Field Officer**

**Meeting with Organization**

**Meeting with Samantha Dwi S Director**

**Meeting with Organization**

**Meeting with Erik Community Organiser Lesa**

**Meeting with Organization**

**Meeting with Riza Field Officer**

**Meeting with Anna Finance Officer**

**Meeting with Organization**

**Meeting with Kamel Finance Officer**

**Meeting with Organization**

**Meeting with IKA Anik Wusari Executive Director**

**Meeting with Organization**

**Meeting with Ratna Fitriani Program Director**

**Meeting with Organization**

**Meeting with Lina Sari Finance Coordinator**

**Meeting with Organization**

**Meeting with Nur Komalasari Community Organiser**

**Meeting with Organization**

**Meeting with Martin Management Information System Officer**

**Meeting with Organization**

**Meeting with HURIN Badruzaman Teacher**

**Meeting with Organization**

**Meeting with Jamilah Teacher**

**Meeting with Organization**

**Meeting with Siti Muflihat Teacher**

**Meeting with Organization**

**Meeting with Rahman Student**

**Meeting with Organization**

**Meeting with Jurfaizi Student**

**Meeting with Organization**

**Meeting with Rahmat Student**

**Meeting with Organization**

**Meeting with Dondi Yongki Yana Student**

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**Meeting with Tono Student**

**Meeting with Organization**

**Meeting with Jihan Fahira Ananda Student**

**Meeting with Organization**

**Meeting with SAA Agustinus Andi Prasety Finance Officer**

**Meeting with Organization**

**Meeting with Ibe Karyanto Program Manager**

**Meeting with Organization**

**Meeting with Hairun Nisa Program Secretary**

**Meeting with Organization**
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**DONORS**

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ANNEX 6: LINES OF INQUIRY–INTERVIEW TOOLS

The following tables show the key lines of inquiry for interviews for initial EO, CSO and beneficiary interviews.

EO INTERVIEWS–INTERVIEW 1 FORMAT: INTERVIEW 2 FOLLOWED TAILORED FORMAT BASED UPON SPECIFIC ORGANIZATIONAL SYSTEMS.

Overview
- Why did your organization decide to become part of the Peduli program? What are we looking for: strengths, assets/resources, perception about social change (and the potentials of this program can make), vision/mission of the organization
- What do you think is the special contribution of civil society in working on the issue of Marginalization? (What are we looking for: rights, livelihoods, ability to reach/access marginal groups, flexibility)
- What do you think the strategic values of this program?

Economic and Social Inclusion
- Given in the retreat last April there is a consensus about the meaning of Marginalization, how far and in what ways do you think the Indonesian NGOs can take part in alleviating Marginalization?
- If your program to improve the capacity of CSOs to reach and work with marginalized groups, what needs to do? (What are we looking for: among other, on the aspects of “Soft skills”: identify target groups)
- What is the particular expertise that your organization can offer to improve NGOs Capacity Building to work with marginalized group? (What are we looking for: is it about social/economic inclusion, poverty, something else, link to CB)
- What would you need to continue to develop your own expertise to support CSOs working with marginalized groups?

Capacity Building
- What is the role of your organization in Capacity Building?
- What capacities need to be built in Peduli Program? (We are looking for: broad approaches, strategies, methods—strategies for EO’s, NGO’s communities)
- What role does learning play in your program?
- What do you do to learn from your experience in implementing Peduli and how do you use this learning?

Networking
- What do you think is the importance of network/networking in achieving the objectives in Peduli Program? (What are the issues/problems/challenges for NGOs in networking)
- Does your organization play in helping the CSOs in strengthening/broaden their network? How do you do this? (What are we looking for: examples, the types of networks and outcomes from these)
- Can you describe some examples of emerging good practice where networking can address Marginalization?

Innovation and Sustainability
- There seems to be a strong focus on livelihoods and economic development in Peduli at the present time. Why do you think this focus exists and do you think it will change in the future?
- Where is there innovation in your program? In the programs undertaken by your partners?
- Where can you see the sustainability in your own program (Can you provide examples of this?) What are we looking for understanding of sustainability on a range of levels—individual, community, organizational, institutional
- Where do you see the sustainability in Peduli? In your program or the partners programs
- What challenges did you have in getting your program up and running? Did you have sufficient support from PSF to do this? From the TRG etc.
- Do you think there are particular characteristics that make Peduli unique? What are they?

CSO INTERVIEWS

Program Approach
- Why did your organization decide to become part of the Peduli program? What are we looking for: strengths, assets/resources, perception about social change (and the potentials of this program can make), vision/mission of the organization
- What do you think the strategic values of this program? (looking for the significance for their organizations as well as the marginalized groups)

Economic and Social Inclusion
- Why do you work with the XXX group? (Note: we want to know the definition of marginalized group, reasonability selecting the groups. To see the relevancy the activities they choose and the definition of Marginalization)
- How does your organization assess and identify the main needs of the target group before supporting? How do you identify and select the required interventions? Are the target groups involved in this? Who is making decisions and why?

Government Policy
- What do you think the role of government in addressing Marginalization?
- What can this Program help the government to create policy and system to address of Marginalization?
- How can CSOs encourage government (national and local) to address/be more responsive to the needs of marginalized groups? (What we are looking for: examples which describe experiences and challenges)

Connection with EO
- What is your assessment on the supports from EO?
- What should be improved in order that your organization can work better in Marginalization? (Empowerment, M&E, Grant management, specific knowledge on the programs)
- Where can you look to fulfill your organizations needs? (What are we looking for: is the EO inward or outward looking, linkages to PSF, to others etc)
- Do you think that other organizations need to be involved in this? Who is making decisions and why?

Government Relationships
- In what ways do you think government can cooperate with NGOs to improve the social economic condition of this group? What is happening now, what could happen in the future, what are the enablers for this cooperation and what stops it from happening?

Networking
- What benefits have came out from cooperation with other organizations? What potential do you see for such cooperation?
- Do you think that other organizations need to be engaged? If so why has this not happened?

GMS
- As a grantee, how do you experience using the current GMS? (looking for bottleneck, advantage, good practices, flexibility, capacity)
- How does the GMS help you or hinder you from achieving the objectives of your program?
- What should be improved to be more effective in working with marginalized groups?

What long have you been working with this group and in what kind of program? Is this new or are they building on existing expertise?
- What is the particular expertise that your organization can offer to improve the target groups? (What are we looking for: is it about social or economic inclusion, about poverty, something else, link to CB)
- What would you need to continue to develop your own expertise to support the marginalized groups?
- What results and outcomes are you seeing as a result of your program?
Learning and Knowledge Management

- What are the emerging lessons from your program?
- How do you get this information, document, share and use it?
- What roles do you think the EOs should take in helping your organization to generate knowledge and learning in the next phase? Should other supports be available for this?

Sustainability and Innovation

- Where do you see the sustainability of your program? (Note: on what level) Can you provide examples of these? What we are looking for is the understanding of sustainability of range of level (individual, community, organizational, institutional).
- What needs to be done in the future to support you to implement the program?

Beneficiary Interviews

- Name of beneficiary:
  - Gender: a. Male b. Female c. Transgender
  - Village, Subdistrict, District, Province, Phone:
  - Supporting CSO:
  - Name of Program
  - Interviewer and date:

Respondent Characteristics

- How old are you? ________ years
- How many years of formal education did you have? ________ years
- What is your main job?
- Have you ever been involved in government programs before? Y/N
- Please describe which program do you involve?

Program Understanding

- How did you find out about the program?
- How did you come to be involved in this program? (Source of information about the program, motivation, alignment with target group)
- What kind of activities are you involved in?
- Who determined the activities? Were you involved in the determination of the activities? (Participation, type and direction of activities, consultation processes for involvement in decision-making—actors in decision making)
- What do you know about the kind of support given by CSOs? (length, budget, aspects, plan/trajectory)

Benefit and Changes

- Do you feel this program has resulted in changes in your life? If so what are they and how did they make a difference? (Aspects: skill, access to information, economic benefit, social inclusion e.g. group support, self confidence, better access to services, certification etc)
- In your opinion, how could this program bring more benefits to your needs? (We need to look for the “difficulties” in engaging in the program as well as the positives, relevance of the program to their needs)
The following are the tables of the raw beneficiary data from interviews, these have been considered alongside qualitative interview outcomes in the preparation of the report analysis and as such are not included in the text.
ANNEX 8: DEFINING INDONESIAN CIVIL SOCIETY

The following outcomes of the Civil Society index work undertaken in Indonesia in 2006 and 2011 can assist us to understand the generally accepted definition and landscape of civil society in Indonesia.

<table>
<thead>
<tr>
<th>Civicus definition of Civil Society 2003</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CIVICUS defines civil society as an arena, outside of the family, state and market where people associate to advance their common interests.</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Indeks Masyarakat Sipil Indonesia, 2006

**Daftar Organisasi Masyarakat Sipil**

<table>
<thead>
<tr>
<th>Kelompok/organisasi petani dan nelayan</th>
<th>Farmer and Fisherman organizations/associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisasi kaum pengusaha</td>
<td>Entrepreneurs’ Association</td>
</tr>
<tr>
<td>Organisasi profesi (seperti dokter, guru, insinyur, akuntan, dan lain-lain)</td>
<td>Professional Associations (teacher, engineer, medical doctor, accountant etc)</td>
</tr>
<tr>
<td>Serikat pekerja/senikat buruh</td>
<td>Labour Unions</td>
</tr>
<tr>
<td>Pengurus RT/RW/Badan Perwakilan Desa/Dewan Kelurahan</td>
<td>RT/RW/Village Consultative Body/Village Council</td>
</tr>
<tr>
<td>Kelompok-kelompok pengajian, majelis taklim, paroki, dsb</td>
<td>Islamic study group, Taklim Assembly, Parish, etc</td>
</tr>
<tr>
<td>Organisasi seni dan budaya (seni, musik, teater, film, dan sebagainya)</td>
<td>Arts and Culture Organizations (art, music, theater, film etc)</td>
</tr>
<tr>
<td>Koperasi, KUD, kelompok usaha bersama, kelompok simpan-pinjam, dan sebagainya</td>
<td>Cooperative, village unit cooperative, joint enterprise group, saving and credit group etc</td>
</tr>
<tr>
<td>Yayasan yang bergerak dalam bidang kesehatan—yayasan yatim piatu, anak cacat, panti asuhan, dsb</td>
<td>Foundations engaged in health sectors (orphans and disability organizations)</td>
</tr>
<tr>
<td>Kelompok-kelompok pendidikan seperti Komite Sekolah, POMG, dll</td>
<td>Education groups such as School Committees, Parent Teacher Association etc</td>
</tr>
<tr>
<td>Organisasi olahraga</td>
<td>Sporting Associations</td>
</tr>
<tr>
<td>Organisasi pemuda/mahasiswa</td>
<td>Youth and Student’s organizations</td>
</tr>
<tr>
<td>Organisasi/ kelompok-kelompok perempuan</td>
<td>Women’s groups, organizations, movement</td>
</tr>
<tr>
<td>Omnop Advokasi (HAM, demokrasi, watchdog organizations, dll)</td>
<td>Advocacy Organizations (Human rights, democracy, watchdogs etc)</td>
</tr>
<tr>
<td>LSM pembangunan bergerak dalam pelayanan dan pengembangan masyarakat</td>
<td>Development NGOs engaged in service delivery and community development</td>
</tr>
<tr>
<td>Organisasi berdasarkan kesuak, etnis, masyarakat adat</td>
<td>Ethnic, tribal, indigenous peoples’ organizations</td>
</tr>
</tbody>
</table>

**Organisasi yang bergerak dalam perlindungan hidup atau konservasi**

| Environmental and Conservation Organizations |
|---|---|
| Organisasi sosial keagamaan (NU, Muhammadiyah, Hizbut Tahrir, organisasi yang bernaung di bawah gereja dan agama-agam lain) | Social—Religious Organizations (NU, Muhammadiyah, Hizbut Tahrir, organizations under church and other religions) |
| Organisasi hobi (klub pendaki gunung, pengumpul perangko, dsb) | Hobbyist Clubs (mountain climber club, stamp collector club etc) |

**Sumber:** Pertemuan NAG Pertama, Desember 2005.
The following is a list of source materials used in the preparation of this report, as such is not an exhaustive list of all documents accessed throughout the Review process.

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Yappika, Index Masyarakat Sipil Kabupaten/Kota, 2011

ANNEX 10: THE REVIEW TEAM

AUTHORS
Donna Leigh Holden is a development practitioner with 18 years experience working in Asia and Australia. Donna currently specialises in the design and evaluation of civil society, community development and capacity building programs.

Donna’s lifelong experience in living and working with marginalized communities provides her with a strong interest and commitment to social justice as well as the establishment of multi-stakeholder partnerships for development.

Rima Irmayani is an Independent Consultant based in Holland. Rima holds Master’s Degree in Conflict, Reconstruction and Human Security at the Institute Social Studies (ISS) and an Advanced Master’s in International Development of Radboud University Nijmegen. She has worked with NGOs on issues of conflict, reconstruction and participation for 13 years including as Field Manager in various parts of Indonesia and more recently as a Contract Manager with Oxfam Novib-Den Haag.

Early Dewi Nuriana is a psychologist graduated from Gadjah Mada University, Yogyakarta who specialises in social inclusion and working with marginal groups. She started her career working in reproductive health and HIV issues in PKBI Yogyakarta, and capacity building for NGOs before joining the ILO where she has managed HIV and migrant worker programs for the past 6 years. Dewi is currently an Independent Consultant.

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Arief Iswariyadi holds a Ph.D. in Agricultural Economics and Master of Economics from the University of Kentucky, and a Master of Agribusiness from South Carolina State University where he held research and teaching assistant roles. Arief is currently a researcher in agricultural economics, and is an economic and social specialist at the Komite Inovasi Nasional (KIN).

FIELD ADMINISTRATION AND LOGISTICS
Rahayu Ningsih Budi (Yayuk) and Chatarina Ayu Widiarti (Widi)

PEDULI TEAM: REFLECTIONS
Sonja Litz, Felicity Pascoe, Nina Shatifan, Vinny Flaviana, Zoey Breslar, Siti Sulami

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Rima Irmayani is an Independent Consultant based in Holland. Rima holds Master’s Degree in Conflict, Reconstruction and Human Security at the Institute Social Studies (ISS) and an Advanced Master’s in International Development of Radboud University Nijmegen. She has worked with NGOs on issues of conflict, reconstruction and participation for 13 years including as Field Manager in various parts of Indonesia and more recently as a Contract Manager with Oxfam Novib-Den Haag.

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ANNEX 11: SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

GENERAL OBSERVATIONS AND RECOMMENDATIONS
The following general observations inform key recommendations and intermediate recommendations provided below. These are discussed in detail in the Executive Summary and within the relevant sections of the full report.

The program logic and purpose of Peduli is sound and relevant.
PNPM Peduli and its partners will be able to more effectively focus their efforts in the context of a clear statement of vision of what Peduli is about and what success would look like.
Peduli counterparts, staff and partners are shaping and modelling relationships and behaviours which reflect the values of equality, humanity and justice required for a program of PNPM Peduli’s nature and vision.
The achievements of the PNPM Peduli team and its partners in establishing the architecture for the delivery of PNPM Peduli are significant.
Peduli’s role in capacity development should stem from and support its positioning as a network of agents for change, in empowering marginalized groups and supporting social inclusion.
Program level outcomes do not spontaneously manifest from a portfolio of discrete and disassociated projects. In order to break the cycle of marginalization, Peduli and its partners need to shift towards programmatic approaches.
Peduli partnerships should build upon existing experience and capacities of known organizations and known approaches.
The focus for the WB approach to CSO financing being tested through PNPM Peduli, needs to focus in the immediate future on how to align with emerging good practice for funding to CSOs and working with non-traditional organizations and groups.

The quality of partner programs (targeting, relevance and technical quality) can be significantly strengthened through the development of higher levels of contestability, effective resourcing of design processes, development of quality tools for assessment and program planning.

The program logic and purpose of Peduli are significant. To be developed.

INTERMEDIATE RECOMMENDATIONS

Learning Area 1
Intermediate Recommendation: PNPM Peduli should continue in its efforts to establish and strengthen CSO networks as a key strategy for both advocacy and capacity building.

Intermediate Recommendation: Peduli’s own programming strategy needs to include efforts to support the legitimacy of CSOs. This legitimacy needs to be developed by promoting downward and upward accountability of CSOs; by supporting them to deliver on their commitments; by promoting the establishment of networks and communities of practice; and by enabling CSOs to develop skills in effective advocacy and alliance building.

Intermediate Recommendation: The development of partnerships within Peduli should be based on a realistic assessment of programming capacity (practice). It should enable partners to build on existing skills and capacities and to develop new capacities that will add value to the core business of the agency.

Learning Area 2
Intermediate Recommendation: CB is a discipline. Where EOs and CSOs are expected to be able to deliver CB activities, it is important to ensure that they have the skills and capacities to do this in a planned and systematic way. This will ensure better learning outcomes for participants. A future PNPM Peduli CB Strategy needs to consider strategies for building the capacity to build capacity.

Intermediate Recommendation: PNPM Peduli should continue its efforts to explore alternate models for the sourcing of CB activities for its partners.

Learning Area 3
Intermediate Recommendation: Prior to entering into the next stage of program development, PNPM Peduli and its partners should take time to reflect and develop a clear Theory of Change to enable more effective targeting of beneficiaries and activities.

Intermediate Recommendation: The establishment of clear mechanisms for external contestability of intended project interventions against clear quality standards for activity design and targeting is strongly recommended at all levels of the Peduli chain of influence.

Learning Area 4
Intermediate Recommendation: There is an urgent need to reassess Peduli’s current focus on work on economic empowerment and livelihoods. It is essential to determine the conditions under which this form of engagement can be supported. It is also necessary to determine what capacity building and monitoring efforts are necessary to ensure that associated interventions provide an appropriate return on investment and do not result in harm.

Learning Area 5
Intermediate Recommendation: Engagement with all partners in Peduli, including EOs, should be based on shared strategic programmatic interests, as opposed to their intention to position themselves as GMOs. This should also be the case for sub-national organizations acting as local GMOs.

Intermediate Recommendation: The IP Model should not continue. Given that this model has not worked to facilitate the expected capacity building and skills transfer for IPs, PNPM Peduli needs to consider the mechanism by which it will assess the capacity and suitability of IPs to become EOs in the future. This mechanism may include opportunities for new actors to be engaged.

Intermediate Recommendation: In the interests of quality programming and downward accountability, there is a need for increased contestability in the selection of CSO partners and programs. While restricted and targeted selection process are acceptable, a higher level of transparency and accountability could be achieved if EOs and IPs facilitated a higher degree of contestability within selection processes. This could be achieved through the establishment of clear program and performance criteria, based on intended development outcomes, proportionate criteria to select on the basis of these and external appraisal and peer review controls.

Intermediary Recommendation: The development of systems to ensure the more effective provision of financial and technical resources to CSOs and EOs to design interventions should be given high priority in the next phase of Peduli and its associated programming activities.

Intermediate Recommendation: WB procurement processes (combined with poor financing timeframes) have had a significant negative impact on program delivery. Ongoing efforts by the team to internally advocate for efficient, effective and accountable administrative processes for procurement and grant making more generally are to be strongly encouraged.

Intermediate Recommendation: Peduli should strongly encouraged downward accountability as a process of development at the levels of both practice and policy. Clear strategies and management systems need to be put in place to enable this, including proportional attention to the measurement of partner performance and accountability to beneficiaries and other stakeholders.
83. Senge, P; 1990.
84. DFID.
85. The Review uses the terms ‘livelihoods’ loosely and ‘poverty’ in the broader sense.
86. For example, Marginalized Groups in PNPM Rural, Akatiga, Jakarta, 2010.
87. PNPM Peduli MEL Plan, June 2012.
88. The Preparation Phase commenced with finalisation of the design, development of SoP, identification of potential partners etc. The select tender was run after this stage. Following the selection of EO partners, the designs of project portfolios were undertaken. Peduli was launched in March 2011 and EO Project Portfolios approved in July 2011.
89. PNPM Peduli Launch Opening Speech, 23rd March, 2011.
90. PNPM Peduli Launch Opening Speech, 23rd March, 2011.
92. Peduli was launched in March 2011 and EO Project Portfolios approved in July 2011.
93. PNPM Peduli MEL Plan, June 2012.
94. Enzo de Laurentis, Manager Regional Procurement (LCR), documented discussion between PSF & Washington.
95. 3 EO’s were selected from a field of 9 solicited proposals. 3 organizations were offered IP Grants.
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98. PNPM Peduli MEL Plan, June 2012.
99. Ibid.
100. It should be highlighted that this Review both informs and fits within the context of a wider work being undertaken by PNPM Peduli as it builds on emerging lessons regarding its approach, and articulating its design. Further work on the MEL Plan, definition of a ToC, development of CB Strategy etc are currently underway or commencing in the near future.
101. 88% of current PNPM Peduli activities focus on livelihoods.
102. CSOs were the primary organizers of field visits, under support, it is not possible that the facilitator can over undertake a ToC process to inform its next stage program implementation.
103. This is a temporary measure while capacities of EOs are being developed and the Peduli design formally articulated. These roles are advisory and consideration of the placement of advisors within Menko Kesra and/or partner organizations as opposed to positioning within PSF is being undertaken at the time of writing.
104. One team that the team attended had one facilitator to over 60 participants. While the process was interactive, and the facilitator did have some support, it is not possible that the facilitator can be supporting the learning process of individual participants as would be expected in a professional development context.
105. Evidence of limited capacities for program design, economic development/livelihoods programming etc is provided in discussions for learning areas 3 and 4.
107. The Concept of Marginalization p.13
108. The Review uses the terms ‘livelihoods’ loosely and warns Peduli and its partners against promoting the use of this term amongst its partners, as the shape and form of current interventions in this area are solely focused on group incoming generation and skills training activities and are not based on a holistic analysis of livelihoods and opportunities for economic development. This matter is discussed in detail in Learning Area 3.
109. This example is a shame in that the expansion of paralegal support into the area could most likely be justified on factors of the exclusion of other segments of the community.
110. The PNPM Peduli team is cognizant of this need and at the time of writing had put concrete plans in place to undertake a ToC process to inform its next stage of programming.
111. For example, “Multi-donor Support to Civil Society and Engaging with ‘non-traditional’ civil society” (2007:29).
112. PNPM Peduli as it builds on emerging articulated. These roles are advisory and consideration planned for Nov 2012.
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118. PNPM Peduli as it builds on emerging articulated. These roles are advisory and consideration planned for Nov 2012.
119. PNPM Peduli as it builds on emerging articulated. These roles are advisory and consideration planned for Nov 2012.
120. PNPM Peduli as it builds on emerging articulated. These roles are advisory and consideration planned for Nov 2012.
76. With the exception of Kemtraan who has ability to prefinance

77. Felicity Pascoe, interview

78. For example, the case of Our Voice, which while unable to meet reporting requirements of the EO, had strong programming and advocacy capacity and high degree of legitimacy with its beneficiary's, constituents and represented a valuable civil society voice in advocacy efforts for LGBT groups.

79. PNPM Peduli Project Operational Manual, 2011 p. 15

80. Note: Such changes are not demonstrated at the economic level due to the combined issues discussed within the relevant section of this report.

81. Enzo de Laurentis, Manager Regional Procurement (LCR), documented discussion between PSF & Washington.

82. For example, Marginalized Groups in PNPM Rural, Akatiga, Jakarta, 2010.

83. These dimensions will be refined by the evaluation team in discussion with relevant stakeholders at the beginning of the assignment.

84. Two sets of data remaining for inclusion—Jangkar and Samanta

85. The PNPM Peduli team is cognizant of this need and at the time of writing had put concrete plans in place to undertake a ToC process to inform its next stage of programming.