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Analysis of MADANI's Local CSO Partners Resource Mobilization Assessments

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Introduction

- The sustainability of Indonesian civil society organizations (CSOs) at the local level is heavily influenced by the changing social, economic, and political context, as well as donor priorities, reducing certainty around the availability of external funding. Many CSOs depend on donors to finance their activities, and unfortunately, have limited space or time to invest in internal organizational strengthening, including strategies to diversify funding sources. This often creates a cycle of project-to-project subsistence and can make talent retention difficult, as people may choose to depart for better jobs. Sustainable CSOs are those that can fulfill their missions over time and meet the needs of their key stakeholders. Crucial to this is the need to find sustainable funding. Without financial resources, or overdependence on a single source of funding, limits their ability to contribute to significant political, economic, and social reform. Several studies¹ have highlighted how Indonesian CSOs are heavily dependent on foreign funding, which has reduced their financial viability in the face of donor cutbacks over the last decade. Thus, domestic sources of funding are becoming increasingly important resources for the sustainability of CSOs. There are five potential domestic sources through which CSOs can diversify their funding:

- (1) The public: memberships, donations, sponsorships, and crowdfunding
- (2) Government agencies: grants, social funds, and procurement contracts
- (3) The private sector: corporate social responsibility (CSR) initiatives and CSO-private sector partnerships, including impact investment
- (4) Philanthropy: official philanthropies and family foundations
- (5) Income generation: social enterprises, consultancies, service delivery, and event organizing

To anticipate MADANI's technical assistance (TA) in Fiscal Year 2022 (FY22) on resource mobilization to its Lead Partner (LP) and to complement a situational analysis by *Indonesia Untuk Kemanusiaan* on resource mobilization among Indonesian CSOs (IKa 2021), in mid-2021 MADANI asked each LP CSO to do an assessment and mapping of civil society resource mobilization in their home district with the following objectives:

- Identify potential resources at the local level that can be mobilized by the organization
- Map out funding or collaboration opportunities from identified local resources to support funding or organizational activities
- Draft an initial resource-raising strategy

The present analysis uses these reports to draw broader conclusions on resource mobilization and fundraising among CSOs. The analysis is drafted by MADANI consultant Prio Sambodho. This analysis is only a snapshot of conditions in early 2021, when the data was collected, and progress made since that time will be captured in subsequent reports.

¹ Ben Davis: "Financial Sustainability and Funding Diversification: The Challenge for Indonesian NGOs", Background assessment for the National Civil Society Support and Study Center, DFAT 2015; USAID: "Assessment Report Civil Society Organizations in Indonesia" USAID Jakarta, July 2018; and The Asia Foundation: "Navigating intolerance and nationalism: Trends in Indonesian civic space", The Asia Foundation Jakarta, December 2019.

Key Findings and Summary

- **The majority of MADANI's LPs (22 out of 32) have reported engagement and collaboration with the local government (LG).** There is an optimistic take among the LPs in terms of their outlook for cooperation with LG agencies. However, the majority of the government collaboration does not entail substantial funding and mostly only constitutes one-off financial support or in-kind facilities. This is problematic as it may not provide enough support for a more fundamental organizational capacity development or long-term talent retention and development.
- **Despite high awareness of the *Swakelola Tipe 3* procurement scheme under PerPres 16/2018², none of the LPs reported that they have utilized this resource.** The majority of LPs are aware of the government collaborative scheme of *Swakelola Tipe 3*, with 27 LPs reporting their awareness of this scheme, but claim capacity as the main constraint.
- **More than half of the LPs (17 out of 32) reported engagement and collaboration with private sector entities for their activities. Yet, its contribution remains limited.** The majority of private sector contributions remain very small. Moreover, the lack of flexibility of private sector contributions, which are mainly comprised of CSR funds, has resulted in the contributions from the private sector being used for one-off charity activities or publicity events for the firm.
- **LPs utilization of crowdfunding as a resource mobilization strategy is still limited due to the existing technical capacity gap.** Of 32 LPs, only 12 LPs reported crowdfunding activities. Despite increasing empirical studies that have shown the potential of crowdfunding as the key component for future CSO resource mobilization strategy, the data from this study indicate that most of the crowdfunding done by LPs is still done through the traditional channels of offline activities, such as direct donations or charity fundraising events. Similar to the pattern observed from government and private sector contributions, social media and crowdfunds are still largely composed of one-off donations for specific charity drives or programs. This contributes little to long-term and strategic organizational capacity development.
- **Business enterprise streams have the most potential for strategic long-term organizational development. However, its sustainability among the LPs is still low due to existing capacity gaps.** Seventeen LPs, or 53 percent, reported that they have engaged in business enterprise in the last five years as part of their funding streams. However, six of the 17 LPs, or about 35 percent of these LPs that engaged in business enterprise, reported that their business is no longer in existence. In contrast to other funding streams, business enterprise revenue is largely being used for organizational needs that are strategic to long-term organizational development, such as reinvestment, salary for staff, and organizational saving.
- **Achieving long-term sustainability remains an overarching challenge for nearly all CSOs in Indonesia.** Based on the data analysis and the reading of individual LP reports, it is clear that the majority of the current resource streams have not been sustainable and sufficient for the LPs to support long-term strategic planning and capacity building. Moreover, this lack of sustainable resource streams hampers LPs ability to retain and develop quality talent.
- **While the COVID-19 pandemic poses a serious threat to CSO sustainability in Indonesia, there are indications that some LPs can leverage it as a chance to ramp up their collaboration with the LG.**

² This is new type of smaller, self-managed procurement by government agencies that for the first time can be contracted out to CSOs.

Many LPs were able to leverage the situation to increase their activities and build a network between their constituents and the government.

- **In the future, the key challenge will not be diversification, as LPs and CSOs have had some success in diversifying their resource streams, but rather the absence of substantial funding that is suited for long-term organizational development.** This condition carries a substantial risk of a stagnation trap for CSOs at the subnational level. It is a condition where CSO activities are relegated to limited, small-scale service provision and charity drives and are unable to reach a certain level of capacity to provide effective accountability towards LG and their constituents.
- **In conclusion, there is an urgent need to develop key resource mobilization capacity at the subnational level,** including the ability to build a strong internal capacity for resource mobilization in cities and districts across Indonesia. Four key areas exist: (1) strategic planning to strengthen CSOs core competencies; (2) digital skills for effective online crowdfunding and reporting; (3) business skills, especially in the framework of social enterprise and impact investment; and (4) administrative capacity to be able to bid for *Swakelola Tipe 3*. These should be developed in conjunction with supporting systematic and strategic networking mechanisms for more substantial and concrete cooperation among CSOs at the city and district levels.

A. Geographic Patterns

- Java appears to be the most diverse in terms of funding. LPs in West Java have an average of three streams of funding. This is followed by Banten with two, East Java with 1.8, Central Java with 1.6, West Kalimantan with 1.25, and South Sulawesi with 1.2. This average, albeit rough, provides some general indication in terms of the ability of the local CSOs to diversify funding through multiple streams.
- The majority of MADANI's LPs (19 out of 32) have two or three funding sources, while five have only one source of funding. On the high end, there are four LPs that reported activities from all four funding streams, three of which are West Java LPs (Tasikmalaya District, Sumedang District and Bogor City) and one LP in East Java (Jombang District). Conversely, four LPs – Lebak District, Surakarta City, Sumenep District, and Barru District – reported no engagement or collaboration with the government or the private sector, do not fundraise through crowdsourcing, and do not have any business enterprise. This finding is consistent with the general observation in the MADANI-supported *Programmatic Study on Resource Mobilization and Financial Sustainability of Local CSOs in Indonesia*, which concludes that local CSOs have been able to demonstrate notable, albeit varied, capacity to diversify their resources (IKa, 2021).

B. Government Funding

- The majority of LPs (68.7 percent) have reported engagement and collaboration with the LG. Conversely, 10 LPs (31.2 percent) reported no collaboration with the government over the past five years. Within this group of LPs that reported no cooperation with the LG, two LPs are in Banten and two are in West Kalimantan.
- There is an optimistic take among the LPs in terms of their outlook for cooperation with LG agencies, as 96 percent see the possibility of funding. Their confidence is high, with about 50 percent rating the chance as high and very high. The majority of the expected resources are in kind, facilities, and other goods, with only about 25 percent expecting monetary support.
- The majority of the government collaboration to date does not entail substantial funding and mostly constitutes a one-off support grant of funds or facilities. The Ika assessment confirms this finding, indicating that while the majority of CSOs surveyed mentioned funding from the LG, most of these CSOs reported the funding as small or very small (IKa, 2021, p. 14). This pattern fits the condition in

which the LG contribution to CSOs is mainly a one-off small charitable donation, as indicated by the IKa assessment that shows 52 percent of the contributions from the LG were under charitable grant schemes (IKa, 2021, p. 14). This is problematic, as it may not provide enough sustainability and support for a more fundamental organizational capacity development or long-term talent retention and development. Practice and experience tell us that CSO financial sustainability is not just about writing funding proposals, but as much about ensuring that there has been sufficient investment in organizational systems and processes (Hailey & Salway, 2016, p. 582).

- The majority of LPs (84.3 percent) are aware of the government collaborative scheme of *Swakelola Tipe 3*. Only five LPs reported that they are not aware of *Swakelola Tipe 3*. These LPs are located as follows: one in Banten, two in West Java, one in East Java, and one in South Sulawesi. All LPs in Central Java reported that they were aware of this scheme.
- Despite the high awareness of the *Swakelola Tipe 3* scheme, no LPs reported that they had used it. The IKa assessment largely supported these findings, as only 14 percent of the total CSOs surveyed had engaged in *Swakelola Tipe 3* (IKa, 2021). *Swakelola Tipe 3* scheme remains difficult to achieve, especially for the organizations that are still nascent in their capacity. There is a need for a case study or specific study about how this procurement for CSOs works and what capacities are required.

C. Private-sector Funding

- A little more than half of the LPs (56.25 percent) reported engagement and collaboration with private sector entities for their activities. West Java LPs reported the highest engagement, with five LPs out of six reporting collaboration and contribution from private sector actors in the last five years. Other provinces reported a medium level of engagement, with two LPs in each reporting no collaboration with the private sector in Central Java, East Java, and West Kalimantan, respectively. An exception is observed in South Sulawesi, where none of the six LPs reported any collaborative engagement with the private sector for funding. These extreme cases warrant deeper contextual analysis. CSO strategies are varied, depending on their core activities. In this case, the complete absence of private sector collaboration in South Sulawesi may be caused by the fact that LPs in South Sulawesi mostly focused on environmental advocacy, which precludes their collaboration with the private sector to maintain their credibility and advocacy edge.
- Private sector contribution to LPs operations remains limited and small. Of the reported 59 collaborations with the private sector by all LPs, only 50, or one percent, involved monetary contributions. Out of this, the majority of reported monetary contributions from the private sector (60 percent) were relatively small, with a value of under 10 million Rupiah, whereas 26.6 percent of contributions were over 20 million Rupiah and 13.3 percent were between 10-20 million Rupiah. IKa's 2021 survey supported these findings, reporting that 80 percent of CSOs that received funding from non-government sources (which include private sector donations/CSR) reported that the support was mainly one-time contributions, with most of the recipients being very small and small size CSOs (IKa, 2021, p. 14). However, this number in and of itself does not provide much analytical insight, as there are not enough data on how much this money is being used to cover organization activities or build organizational capacity.
- Based on the reading of individual LP reports, these private sector contributions are mostly in-kind and/or one-off grants, similar to the LG contributions. Data shows that around 50 percent of the contributions by the private sector are in-kind and activities support, such as facilities and access to speakers. While this is an important part of CSO's resource mobilization, this intermittent contribution does little to the long-term ability of the organization to develop its strategic capacity.

- The contribution of CSR programs to civil society is still relatively small, even at the national and provincial levels (Davis, 2015; Ika, 2021). At the district level, this problem is even more pronounced and often comes with strict geographical conditions (e.g., can only be used in and around the vicinity of the corporate operational area) and less flexibility in terms of what activities the money can be used for. The prevailing pattern suggests that most of the CSR funds are being used for one-off charity activities or events, which is considered the most common and acceptable use of CSR money. In contrast, long-term advocacy cooperation and agenda-driven activities between CSOs and the private sector are rare.

D. Philanthropy

- Six LPs reported that they have a relationship with charitable and/or philanthropic entities. These are composed of local individual philanthropists (family foundations), local philanthropic organizations, and national level charity organizations such as BAZNAS, LAZISMU DAN LAZISNU. A majority of the LPs, or four out of these six LPs, are religious based LPs (PD Aisyiah and Muslimat NU). This pattern shows that the majority of charity-based funding is still mostly accessed by the religious-based LPs, primarily because the charity organizations (LAZIS and BAZNAS) have religious backgrounds. This is also in line with the findings of the “World Giving Index,”³ where Indonesia has been ranked the most charitable country in the world in recent years, with giving mainly for religious purposes and natural disasters.
- Similar to the other funding streams, the majority of the funding and contributions of these charitable and philanthropic organizations are in-kind contributions or one-off donations to support specific activities. Eighty-eight percent of the reported contributions to the LPs from these charitable and philanthropic organizations are also relatively small, valued at less than 10 million Rupiah. The contributions are also intermittent, with 88 percent of the reported engagement with these charitable organization lasting for one year or less. All of these short-term contributions are with national level BAZNAS organizations. Conversely, one engagement that lasted for four years is the one with the local level BAZNAS organization, which is Badan Amil Zakat Daerah, reported by Tasikmalaya LP, PRKI.
- Looking ahead, interest on this stream of funding for future resource mobilization is high. Nevertheless, only six LPs reported prior and current engagement with charitable and philanthropic organizations; however, there are 13 LPs that reported their intention to engage with these organizations as part of their resource mobilization strategy in the future. The highest interest appears to be still towards religious based charitable organizations such as LAZISMU, LAZISNU and BAZNAS.

E. Crowdfunding

- Only 12 LPs (37.5 percent) reported launching crowdfunding activities. West Java LPs are the most engaged with crowdfunding activities, with four of six reporting crowdfund activities. On the other hand, Banten LPs reported no crowdfunding at all.
- Most of the crowdfunding is still done through the traditional channels of offline activities such as direct donations or fundraising events. Of 12 reported crowdfunding activities, seven were done offline and five online. For the offline crowdfund, the majority of the LPs still rely on the donation box or individual donations. Among the online crowdfunding, only one LP reported the use of dedicated websites for crowdfunding, such as Kitabisa.com, while the rest of the online crowdfunds were done through unspecified social media websites and apps. Based on the individual reports and previous Organizational Performance Index (OPI) analysis (Sambodho 2021), these unspecified online social

³ <https://www.cafonline.org/about-us/publications/2021-publications/caf-world-giving-index-2021>

media fundraising efforts are mainly done through the individual social media accounts of the organization's staff or founders.

- Similar to the pattern observed from government and private sector contributions, social media and crowdfunds are still largely composed of one-off donations for specific charity drives or programs. From 12 LPs who reported crowdfunding, only one LP reported its use for organizational funding (for staff salary). The rest (ten LPs) used it for specific charity activities or programs such as natural disaster relief programs or COVID-19 charity events. The IKa assessment also identified that CSOs are receiving in-kind donations from the community, especially among the very small and small CSOs (IKa, 2021, pp. 19–20, Table 6).

F. Organization Business Enterprise

- Seventeen LPs (53 percent) reported that they have engaged in business enterprise in the last five years as part of their funding streams. Banten and West Kalimantan have the highest activities in terms of engaging in business enterprise, with three out of four LPs reporting business enterprise activities. Half of the LPs in West Java and East Java also reported efforts to raise funds through business enterprise. The outlier is South Sulawesi, where only one LP engaged in a business enterprise.
- Six of the 17 LPs that engaged in business enterprise reported that their business is no longer in existence. Most of these failures are credited to a lack of business viability and/or a lack of business acumen of the personnel. Among the LPs who managed to sustain their businesses, the majority (six out of 11 LPs) are less than one year old and one business enterprise is 1-3 years old. Four LPs have sustained their business enterprise for more than three years. Three out of four of these organizations that sustained their business for more than three years are faith-based LPs that have an affiliation with national-level religious organizations. This may highlight stability for organizations under national religious organizations that have stronger roots in the community and can tap into their constituents for fundraising. These contributions are mostly small, and there is no indication that this kind of community-based contribution is substantial enough to support strategic organizational development. Nevertheless, it has proven to be a resilient source of resources for these faith-based organizations (IKa, 2021, p. 15).
- Looking at the usage of funds, in contrast with other funding streams, business enterprise revenue is being used largely for organizational needs that are strategic and related to long-term organizational development, such as reinvestment, salary for staff, and saving. This pattern shows the importance of discretionary funds in the operation of CSOs. While CSR programs, government resources, and crowdfunding tend to be inflexible, the business enterprise provides flexible resources that can be used by organizations to build their long-term capacity.
- Overall, the data suggest that there are significant challenges for LPs to engage in business enterprise as a funding stream. LPs have been attempting to improve in this area, with the majority of the LPs expressing their plan to attempt another try for their failed business enterprise. This is in line with the global trend that shows a growing number of international development non-governmental organizations (INGOs) generating a proportion of their income from enterprises or commercial ventures that they own and run. However, within the local Indonesian context, this strategy has mostly failed to date. Based on the DFAT funded National NGO Study and Service Center (NSSC) survey in 2015, the majority of successful self-earned funding came from services such as training programs and consultancies. Retail businesses, such as clothing and food, among others, have mostly failed because of a lack of capital, business acumen, and/or high competition (Davis, 2015).

G. Key Discussions and Conclusions

- **Achieving sustainability remains the overarching challenge for nearly all CSOs in Indonesia.** This challenge is tied to funding, management, human resources, and the ability to adapt. Some CSOs have been able to sustain effective operations while remaining true to their missions. However, these are more examples than models, given the unique nature and conditions of each organization, its operating context, and the wide variety of CSOs with different objectives spread across Indonesia's geographic and policy landscape.
- **The LP resource mobilization assessments largely confirm the key problem faced by CSO: the dependency on short-term programmatic funding or activities and the lack of sustainable revenue.** Based on the data analysis and the reading of individual LP reports, it is clear that the majority of the current resource streams have not been sustainable or sufficient for the LPs to support long-term strategic planning and capacity building. The absence of sustainable funding impairs the ability of the LPs to undergo strategic planning, especially in terms of advocacy that targets more structural reform or policy changes, as reported in the Organizational Performance Index (OPI) and Forum Performance Index (FPI) analysis.
- **Part of a vicious cycle, this absence of a clear strategic plan has made many of the resource mobilization plans detailed in the reports come across as arbitrary.** There are little data on the scope of financial needs of the LPs, which makes the resource mobilization financial funding data lack an analytical edge. For example, how much is enough – or not enough? This has not been reflected in the reports as the reports do not contain operational costs that may provide insight into the organization's long-term funding strategy. This is not unique, as Indonesian CSOs typically manage their finances on a project-to-project basis and with little attention paid to staff or organizational development or long-term organizational strategy. Moreover, the diversification strategy is also unclear. There is much optimism about collaboration, but it is not reflected in their strategy or actions. As Hyman argued, "Diversification needs to come from deep internal reflection about the organization, its purpose, and future, and should also include reflection on the balance between growth and sustainability." (Hyman 2016, 676). This is echoed by the findings of Ika, which argued resiliency of CSOs is not only dependent on financial elements but also its ability to discover and recognize the organization's core competence and its role within the community (Ika, 2021).
- **The most immediate effect of this lack of sustainable resource streams is the ability to retain and develop quality talent.** CSOs in Indonesia reported a common dilemma: many organizations are largely funded on a project basis, making it difficult to retain staff and build long-term capacity. Ika survey data shows that the majority of the operational expenses are allocated between office operations (40 percent) and internal meetings and consolidation (30 percent). While these two are considered organizational expenses, it is still most likely related to ongoing project implementation, especially for internal meetings and consolidation. Long-term organizational development and staff retention, indicated by staff welfare and capacity building and salaries, only stand at 13 percent and 17 percent, respectively (Ika, 2021, p. 18 Figure 4). The COVID-19 pandemic has exacerbated this challenge, with the latest report on CSO sustainability showing that it forced CSOs to shed staff, impeding long-term organization capacity development (USAID, 2021).
- **The observed pattern shows that money put towards specific activities and programs still outweighed money put towards organizational development.** This is mainly driven by the tendency of the donor to prefer higher program implementation expenses, which may disincentivize the organization to invest in long-term capacity. This accountability structure from donors that prefers a larger activities portion for their grants and other restrictions and conditionality makes it hard for the

CSO to develop their strategic capacity. This is confirmed by the NSSC surveys (the AusAID/DFAT funded National NGO Study and Service Centre on NGOs), which reported that relying on year-to-year budgets that depend on outside funding sources had an impact on their ability to plan sufficiently and invest in their organizations (Davis, 2015). The IKa assessment also identified the strictly programmatic and rigid donor requirements that may undermine internal resilience (IKa, 2021).

- **While the COVID-19 pandemic posed a serious threat to CSO sustainability in Indonesia, there is an indication that some LPs can leverage the situation as a chance to ramp up their collaboration with the LG.** In Indonesia, a survey conducted at the end of 2020 reported that 72 percent of CSO respondents experienced financial setbacks during the year due to the pandemic. Of those, 23 percent reported that their financial challenges had reached critical levels (USAID 2021; CIVICUS, 2020). However, based on the reports, some LPs used the moment to increase their activities and build a network between their constituents and the government. This trend has also been noticed by a USAID civil society assessment that concluded: “Though it also confronted the deteriorations in financial viability and legal environment that so plagued most of the region, the health emergency spurred increased activism in the country and a clear role for CSO leadership in a time of crisis” (USAID, 2021). Furthermore, as observed by IKa, the pandemic has prompted CSOs to accelerate the adoption of digital platforms as part of their resource mobilization repertoire (IKa, 2021, p. 22).
- **Crowdfunding and philanthropy have been regarded as potential opportunities for growth (see IKa 2021). However, data from this MADANI ResMob survey shows that it still may not answer the long-term capacity development need that requires more substantial and sustainable funding.** PIRAC reports suggest that it is difficult to determine current levels of overall charity and philanthropic giving in Indonesia. However, anecdotal estimates suggest that philanthropy is still driven by individual donations, which are highly unstructured, difficult to track, and ad-hoc in nature (PIRAC, 2015). In addition, most of the donators of crowdfunding activities still regarded their contribution as a charity, which expects accountability in terms of events or programs that are directly visible. As a result, most of the accountability mechanisms of the crowdfunds are through activity reports that are published on social media. Along this line, IKa points out that this “significant perception gap” among key stakeholders needs to be addressed before this mechanism can meaningfully contribute to CSO sustainability (IKa, 2021).
- **Digital platforms have potential but are still not properly used.** While a substantial number of LPs reported attempts to utilize digital platforms as their revenue streams, there is still a substantial capacity gap. The lack of a dedicated crowdfunding website, for example, indicates this lack of capacity in digital fundraising among the LPs. Stopgap measures often employed by the LPs, such as relying on the personal social media accounts of staff, the majority of whom have no formal training in digital communication and platforming, or using interns or volunteer with little experience, are largely ineffective and unsustainable. Therefore, there is a need for specific specialization among LP staff to manage effective digital platform materials – both as their communications and fundraising strategy. However, this usually entails a substantial investment, as digital platform management talent is a specialized skillset.
- **Cross CSO cooperation in terms of financial or in-kind resources has not been central to resource mobilization.** Consistent with the previous Collaborative Governance study, resource mobilization between CSOs is mostly in-kind information and network support and has not included substantial resource sharing (Sambodho, 2020). This is a strategic avenue for Learning Forums to bridge. However, as identified in the FPI analysis, there is still a lack of substantial cross-CSO collaboration, especially pertaining to resource sharing and resource co-mobilization.

- **There is a distinct pattern of resource utilization between each resource stream.** The government, private sector entities, and crowdfunding streams are mainly being used for a specific project or one-off charity drives. On the other hand, the funds raised from the organization's business unit mostly go into organizational expenses and organizational development. This relates to accountability and limited discretions by the former compared to the latter. The NSSC survey shows that the district level organizations mostly relied on their self-generated funding compared to the national and provincial counterparts for their organizational development. Understanding this pattern of resource streams utilization is strategic to support LPs to develop their resource mobilization plan and strategy.
- **There is a growing push toward strengthening the business enterprise of CSOs as a main source of funding through impact investing and the social enterprise model** (Hiley and Salway, 206). Internationally, the trend seems to be one of greater independence through diversified income sources and a willingness to explore more entrepreneurial routes to financial sustainability. With a growing number of impact investors in Indonesia, this scheme has very high potential, especially in terms of promoting financial sustainability for nonprofit social enterprises (ANGIN, 2020; IKa, 2021). In addition, there is an indication of the growing willingness of private sector actors to move beyond profit-only goals and charity-style donations, and engage in more substantial, impact-based collaboration with civil society (ANGIN, 2011; IKa, 2021). However, as the data in this survey suggest, shifting to a sustainable and successful social enterprise scheme requires substantial capacity building and investments to be able to attract impact investors. First, a clear and measurable objective is required to be able to convince impact investors to invest in their organizations, akin to strategic planning, of which many MADANI LPs still have significant limitations. Second, a significant upgrade in talent will be necessary, specifically a business-savvy manager that has experience running a social enterprise. This usually requires a specialist-level skill and is therefore relatively costly. Third, a significant challenge remains with regards to engaging the local middle class, especially the local private sector and business owners, encouraging them to become involved in a more substantial and committed partnership through impact investing in the social enterprise rather than a one-off donation for limited charity programs. As highlighted in the IKa assessment, there is also a persisting stereotype and suspicion between CSOs and private sector actors that inhibits long-term and more substantial collaboration (IKa, 2021).
- **Despite its inadequacies, the current resource mobilization scheme that focuses on activities remains an important strategy within the context of Indonesia's civil society sphere.** Activities and engagement are still the most effective avenue in building trust and legitimacy with government and constituents. The OPI analysis does recognize the need for flexibility and creativity within the field of district-level CSOs to survive and be relevant (Sambodho, 2021). The lack of internal strength among CSOs is, in some cases, compensated by strong networks among these organizations, as reflected by OPI analysis and the IKa assessment (IKa, 2021). The IKa report also indicates that Indonesian CSOs are resourceful in terms of tapping into alternative funding streams, from raising internal resources through social enterprise or simply tapping into community support and donations, especially among the small and very small CSOs. Despite its shortcomings and limitations, this "organic" fundraising, based on the existing resources in their immediate sphere, such as donations and support from constituents, is also deemed quite sustainable and resilient (IKa, 2021). Regardless of their limitation to achieve structural changes, such as policy changes, these small CSOs remain important components to the larger scheme of developing the voluntary sector and increasing the legitimacy of civil society in Indonesia. However, without a clear strategic plan beyond one-off programs and activities, financial sustainability will remain to be a problem.

- **The current recommendation is to diversify, but it is not enough. The key impediment remains the absence of substantial funding that is suited for long-term organizational development.** The current strategy of most LPs has been diverse, with the majority of LPs tapping into a variety of available revenue streams. However, the dearth of flexible funds, which are very important for organizational development, remains small. The experience from other organizations is telling: Action for Children has adjusted self-sufficiency from 12 to 15 years, whereas the Smile Foundation in India is at 12; CESE in Brazil and Soul City Institute in South Africa are both at 15, and KCDF in Kenya is between 12 and 15 (Wiggers, 2016). The majority (179 or 75 percent of the total surveyed) do not have a disproportionate reliance on international funding sources, although some other sources may be dominant (most commonly, internal organizational sources). Although this may be a good starting point, a problem remains with regards to the effectiveness in terms of the economies of scale. CSOs that are not reliant on international organizations are mainly small and very small organizations that focus mostly on one-off charitable activities. For these organizations, relying upon their internal organizational resources and small private and LG donations is sufficient. Conversely, the larger, and usually more impactful CSOs, are still substantially reliant on international organizations and donor funding. They are still very much exposed and prone to the overall donor funds drawdown in Indonesia (Davis, 2015).
- **There is an urgent need to develop key resource mobilization capacity for civil society in Indonesia.** This includes the ability to build a strong internal capacity for resource mobilization. Four areas are important: (1) strategic planning to strengthen LPs core competency; (2) digital skills for effective online crowdfunding and reporting; (3) business skills, especially in the framework of social enterprise and impact investment; and (4) administrative capacity to be able to bid for *Swakelola Tipe 3*. These skills should be developed in conjunction with supporting systematic and strategic networking mechanisms for more substantial and concrete cooperation among CSOs at the city and district levels. The Learning Forum mechanism, in this case, is key to supporting this objective.

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