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# LPPSLH end line report

MFS II country evaluations, Civil Society component

Dieuwke Klaver<sup>1</sup>  
Hester Smidt

Kharisma Nugroho<sup>2</sup>  
Kharisma Sinung Prasetyo  
Sutikno Sutantio

1 Centre for Development Innovation, Wageningen UR, Netherlands

2 SurveyMETER, Indonesia

Centre for Development Innovation  
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This report describes the findings of the end line assessment of the Indonesian Foundation for Research and Development of Natural Resources and Environment –LPPSLH that is a partner of Hivos.

The evaluation was commissioned by NWO-WOTRO, the Netherlands Organisation for Scientific Research in the Netherlands and is part of the programmatic evaluation of the Co-Financing System - MFS II financed by the Dutch Government, whose overall aim is to strengthen civil society in the South as a building block for structural poverty reduction. Apart from assessing impact on MDGs, the evaluation also assesses the contribution of the Dutch Co-Funding Agencies to strengthen the capacities of their Southern Partners, as well as the contribution of these partners towards building a vibrant civil society arena.

This report assesses LPPSLH's efforts towards strengthening Civil Society in Indonesia, based upon the CIVICUS analytical framework. It is a follow-up of a baseline study conducted in 2012. Key questions that are being answered comprise changes in the five CIVICUS dimensions to which LPPSLH contributed; the nature of its contribution; the relevance of the contribution made and an identification of factors that explain LPPSLH's role in civil society strengthening.

Keywords: Civil Society, CIVICUS, theory based evaluation, process-tracing



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# List of abbreviations and acronyms

AOI	<i>Aliansi Organik Indonesia</i> (Organic Alliance Indonesia)
Bappeda	<i>Badan Perencanaan Pembangunan Daerah</i> (Provincial or District Development Planning Agency)
Bank BPD	<i>Bank Pembangunan Daerah</i> (Regional Development Bank)
BCI	Basic Capabilities Index
BPS	<i>Badan Pusat Statistik</i> (Central Agency on Statistics)
CDI	Centre for Development Innovation, Wageningen UR
CFA	Co-Financing Agency
CFO	Co-Financing Organisation
CS	Civil society
CSO	Civil society organisation
CSR	Corporate social responsibility
CV	<i>Comanditaire Venootschap</i> (Unlimited Liability Company with a minimum of two partners)
FEDEP	Forum for Economic Development and Employment Promotion
HIV/AIDS	Human immunodeficiency virus / Acquired immune deficiency syndrome
ICS	Internal control system
JAKER-PO	<i>Jaringan Kerja Pertanian Organik</i> (Indonesian Organic Farming Network)
KKI	<i>Kampung Kearifan Indonesia</i>
KRKP	<i>Koalisi Rakyat untuk Kedaulatan Pangan Tani</i> (People's Coalition for Food Sovereignty)
KRT	<i>Komunitas Rembug Tani</i> (Community for Rembug Farmers)
KSU	<i>Koperasi Serba Usaha</i> (Multipurpose Cooperative)
KUB	<i>Kelompok Usaha Bersama</i> (Joint Business Group)
LPPSLH	<i>Lembaga Penelitian dan Pengembangan Sumberdaya dan Lingkungan Hidup</i> (Foundation for Research and Development of Natural Resources and Environment)
MFS	Dutch co-financing system
MoC	Model of Change
MoFA	Ministry of Foreign Affairs
MoU	Memorandum of Understanding
MSME	Micro, small and medium enterprise
NGO	Non-governmental organisation
Ormas	<i>Organisasi masyarakat</i> (Societal Organizations)
P3R	<i>Pusat Pengembangan Produk Rakyat</i> (Civil Product Development Center)
PDIP	<i>Partai Demokrasi Indonesia Perjuangan</i> (Indonesia Democratic Party of Struggle)
PKBI	<i>Perkumpulan Keluarga Berencana Indonesia</i> (Indonesian Family Planning Association)
PT	<i>Perseroan terbatas</i> (limited liability company)
SERF	Social Economic Rights Fulfilment
SME	Small and medium enterprises
SPO	Southern Partner Organisation
SSI	Semi-structured Interview
ToC	Theory of Change
UD	<i>Usaha Dagang</i> (Trading company)
USAID	United States Agency for International Development
Wageningen UR	Wageningen University & Research Centre

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# 1 Introduction

This report presents the civil society end line findings of LPPSLH in Indonesia, which is a partner of Hivos under the Dutch Consortium People Unlimited 4.1. It is a follow-up to the baseline assessment that was carried out in 2012. According to the information provided during the baseline study, LPPSLH is working under the theme MDG7ab.

These findings are part of the overall evaluation of the joint MFS II evaluations to account for results of MFS II-funded or co-funded development interventions implemented by Dutch Co-Funding Agencies (CFA) and/or their Southern Partner Organisations (SPO) and to contribute to the improvement of future development interventions. The civil society evaluation uses the CIVICUS framework and seeks to answer the following questions:

- What are the changes in civil society in the 2012-2014 period, with particular focus on the relevant MDGs & themes in the selected country?
- To what degree are the changes identified attributable to the development interventions of the Southern partners of the MFS II consortia (i.e. measuring effectiveness)?
- What is the relevance of these changes?
- What factors explain the findings drawn from the questions above?

The CIVICUS framework that comprises five dimensions (civic engagement, level of organization, practice of values, perception of impact and contexts influencing agency by civil society in general) has been used to orient the evaluation methodology.

## **Changes in the civil society arena of the SPO**

In the 2012 – 2014 period the two most important changes that took place in the civil society arena of the SPO are related to level of organisation and perception of impact, specifically the impact on civil society.

Since the baseline, LPPSLH's level of organisation has improved: It slightly expanded its network of NGOs to collaborate with and intensified its collaboration with some of them; It improved its financial resource base, and; it's cooperative model has also strengthened the relations between producers and middlemen at community level and in consequence, improving the social network and the capacity to defend one's interests. Other actors currently seek LPPSLH's support to introduce the model in their own district.

With regards to 'perception of impact', the livelihoods of some 1750 persons, of which 75 percent do not own land and 33 percent are women have improved, not only in the material sense by increased income, but also in immaterial terms: cooperative members have broadened their network, are engaging in the cooperative's live and management, and have gained more confidence in engaging with government officials in their district. The relations between middlemen and sugar producers have changed, decreasing the dependence of producers to take loans from middlemen. Middlemen who become cooperative members also have benefited in terms of an easier management of their cash flows.

The three cooperatives are functioning according to their bylaws and they ensure that the crystal sugar produced complies with the standards of premium markets, including organic niche markets.

Since the baseline LPPSLH and district governments collaborate to enhance the successes of the cooperatives. In this relation LPPSLH is increasingly being seen as an expert upon whom these governments can rely. Also the cooperatives receive more support from the local governments and both actors are regularly invited at meetings.

LPPSLH has also raised the awareness of the three local governments that crystal palm sugar is a potential export product, consequently leading to policy changes in favour of sugar. Apart from these the governments have started to influence the utilization of chemical fertilizer on other crops, such as

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rice, as contaminants could spill into the organic coconut plantation area. The organic certification, of which crystal sugar marketing depends upon, requires such rigorous standards.

These findings were obtained through an analysis of documents, a workshop and follow-up interviews with LPPSLH, and interviews with external resource persons working in civil society organisations that receive support from LPPSLH; other civil society organisations with whom the SPO is collaborating; public or private sector agents and; external resource persons capable of providing a view of the MDG or theme which the SPO is concentrating on.

### **Contribution analysis**

Based upon an analysis of the projects and programmes financed by the Dutch CFAs a selection was made of SPOs to be included in an in-depth process tracing trajectory and those to be included for a quick contribution assessment. KBR was amongst those SPOs selected for a quick process tracing. LPPSLH was amongst those SPOs selected for in-depth process-tracing.

The first outcome that we looked at is "small-scale palm sugar producers are organized into three cooperatives that are operational and profitable". This outcome illustrates how marginalised people have been engaged and organised, such that they are able to defend their own economic interests. The pathway that most likely explains this outcome is the success of LPPSLH's approach in organising the farmers and the marketability of the palm sugar the farmers produce. The contribution of the SPO towards achieving this outcome is in their support to the community in producing a marketable product of good quality and quantity, and linking farmer cooperatives with premium markets.

The second outcome that we looked at is "improved palm sugar farmers' position vis-à-vis middlemen". This outcome is important as it shows that LPPSLH's intervention have had an impact on social mobility, which is a precondition for a healthy civil society. This outcome has been achieved as a result of the SPO's role in the establishment of a new palm sugar value chain that has rivalled the domination of traditional value chains.

### **Relevance**

Interviews with staff of LPPSLH, external resource persons, the liaison officer of Hivos, as well as contextual information helped to assess the relevance of LPPSLH's interventions in terms of its Theory of Change (ToC) for Civil Society (CS) as designed during the baseline study; the context in which LPPSLH is operating; and the CS policies of Hivos.

LPPSLH's business model developed for the palm sugar sector is relevant for the goals it formulated in its 2012 Theory of Change: sustainable agriculture and food sovereignty; improved access and control to economic resources and; organisational development. The interventions and outcomes achieved show that organising marginalised groups improves their social mobility. Although many strategies have been used to reach these goals, no evidence is available that LPPSLH has capacitated farmers to demand their rights and enhance their participation in the political economy.

With regards to the context in which LPPSLH is operating, its interventions and outcomes achieved are relevant since palm sugar production is a dominant livelihood strategy and source of income generation in all three districts which has received little attention by the government or the private sector. More traditional forms of sugar production have not allowed for an empowerment of small-scale farmers and producers. LPPSLH has demonstrated that diversified sugar products can be sold at premium market prices, and providing producers with access to these markets can help alleviate social and economic inequalities. LPPSLH's model has begun to draw the attention of the local government and private sector.

LPPSLH's interventions and outcomes are relevant to the civil society policies of Hivos and in line with Hivos' green entrepreneurship theme.

### **Explaining factors**

The information related to factors that explain the changes in civil society, LPPSLH's contribution to these changes, and the relevance of its interventions were collected at the same time as the data were gathered for the previous questions. Apart from searching for explaining factors related to these evaluation questions, the evaluation team was also informed about other important factors such as the organisational performance of LPPSLH and relations with Hivos that might have had an effect on its performance, as well as external factors.



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The most important factor that explains the changes in the civil society dimensions are Hivos' support, which has enabled LPPSLH to intensively accompany and organise palm sugar producers in three cooperatives in three districts of Central Java. Factors that explain LPPSLH's contribution to changes in civil society are LPPSLH's success in diversifying palm sugar products and linking to, or accessing, a suitable premium market. Factors that explain the relevance of LPPSLH's interventions and outcomes are related to public and private sector perception of palm sugar as an unprofitable product. Other factors that explain the evaluation findings are of LPPSLH's reliance on economic incentives offered by the premium market.

The following chapter briefly describes the political context, the civil society context and the relevant background with regards to the governance issues LPPSLH is working on. Chapter 3 provides background information on LPPSLH, the relation of its MFS II interventions with the CIVICUS framework and specific information on the contract with Hivos. An evaluation methodology has been developed for the evaluation of the Civil Society component which can be found in Appendix 2; however, deviations from this methodology, the choices made with regards to the selection of the outcomes for contribution analysis, as well as difficulties encountered during data collection are to be found in Chapter 4. The answers to each of the evaluation questions are being presented in Chapter 5, followed by a discussion on the general project design in relation to CS development; an assessment of what elements of the project design may possibly work in other contexts or be implemented by other organisations in Chapter 6. Conclusions are presented in Chapter 7.

## 2 Context

This paragraph briefly describes the context LPPSLH is working in.

### 2.1 Political context

#### 2.1.1 Brief historical perspective

Indonesia's rise to being the world's third largest democratic nation has been lauded by many world leaders. The country is often considered to be a model Muslim democracy. As the fourth most populous nation with an estimated 250 million people<sup>1</sup>, Indonesia has sustained its democratic commitment since transitioning from an authoritarian leadership to a democracy in 1998. The decentralized administration now consists of 34 provinces and 508 districts and municipalities.

Prior to 1998, Indonesia was under strict authoritarian regime. Suharto, known for his so-called New Order (1966-1998) regime, ushered in radical transformations that would place social and political forces under direct state supervision. The defining characteristics of the Suharto era were a focus on economic growth and controlled consensus and political stability devoid of dissent. A series of tumultuous economic and political transitions in the nineties severely diminished the credibility of ageing President Suharto, who was forced to resign amidst mass street protests.

His departure in 1998 laid bare three decades of social inequalities, state-perpetuated abuses against human rights, and a lack of civilian liberties. The regime change opened the way for a period of *Reformasi* started under the Presidency of B. J. Habibie (1998-1999) and continued by Abdurrahman Wahid (1999-2001), Megawati Soekarnoputri (2001-2004), and Susilo Bambang Yudhoyono (2004-2014). Restrictions on citizen participation, press freedom and association were removed. Democratic reforms and decentralization led to direct elections, portioned authority, devolution of authority to regional authorities, formation of new political parties and ended the military's parliamentary influence. The distinct historical periods of the New Order Regime and *Reformasi* (1998-present) have shaped the emergence of civil society. Defining characteristics are summarized in the table below.

Table 1

*Characteristics that have defined the emergence of civil society in Indonesia*

Characteristics	New Order, authoritarian period (1966 – 1998)	Reformasi (1998 – present)
<b>Political system</b>	Centralized, authoritarian characterized by unipolarity. Golkar as the dominant political party.  In 1999, there were 27 provinces, 306 districts and around 60,000 villages.	Decentralized, democratic. Fragmentation of power and atomization of patronage relationships. Emergence of numerous political parties. Direct presidential elections since 1999.  Decentralization altered the political and administrative landscape: 34 provinces, 410 districts, 98 municipalities, 6,944 sub-districts and 81,253.2
<b>State-citizen interaction</b>	Benevolent leader, obedient population. Down to the village level, the state permeated society.	Modern political culture marked by diminishing hierarchy between the state and citizens, allowing for citizens to interact more freely.
<b>Citizen</b>	Strict control of speech, expression and	Burgeoning of CSOs, pressure groups and

<sup>1</sup> In 2010 the population was estimated to be around 237 million people (BPS 2010 Population Census). The current figure is an estimate from BKKBN and similar figures are cited in the CIA's World Fact Book and the World Bank.

<sup>2</sup> Rumah Pemilu, "Gambaran Singkat Pemilihan Umum 2014 di Indonesia", 3 July 2014. Available from <http://www.rumahpemilu.org/in/read/3351/Gambaran-Singkat-Pemilihan-Umum-2014-di-Indonesia> (accessed 25 October 2014)

<b>representation and voice</b>	association.	NGOs following the political euphoria after Suharto's fall.
	CSOs and their networks largely "hiding behind the screen", and operating under state surveillance. A period of growth occurred in 1995-98, as resistance was building.	Indonesian CSOs began to establish new networks internationally. Up until the early 2000s the focus was on state-centrist issues. Later, issues that CSOs were tackling became more diverse, ranging from pluralism, poverty reduction to fulfilment of economic, social and cultural rights.
<b>Media</b>	No free press, censorship and state-control. Suharto had firm grasp over how to use print & broadcast medias to promote political ideologies.	More vibrant media environment, flourishing of media businesses albeit in control of 12 main conglomerates that are mostly profit-driven and often have political ties.
	Limited public and CS use and access to internet until mid-90s.	Twitter nation, widespread social media use.  Growing realization of the importance of media/free press as the fourth pillar of democracy.
<b>Artistic forms of expression</b>	Art and literary censorship conducted by the state. Art forms were a means to reinforce political order.	Greater freedom of the arts and cultural sectors. Organizations able to hold art events more freely. Freedom of expression a catchphrase amongst individuals and artistic groups, but challenged by more conservative members of society.
<b>Religious expression and organization</b>	Regime repressed religious groups, especially radical forms.	Emergence of religious groups seeking to restore Islamic values and defend Muslim values.

With political reforms came greater freedom and space for civic engagement. In the *Reformasi* period, there was a remarkable increase in the number of civil society organizations, many of which were Islamic in character. In 2000, the Central Agency on Statistics (BPS) recorded around 70,000 registered organizations, compared to just 10,000 in 1996.<sup>3</sup> New groups sprung up with donors encouraging activists to establish NGOs they could fund. These organizations were eager to distance themselves from state and often took an anti-government stance. Proliferating CSOs and NGOs have taken advantage of decentralization and greater regional autonomy to engage in public affairs. Civil society and government relations have improved, although both sides remain sceptical of the others' intentions.

### 2.1.2 Recent trends in the political context

Indonesia is considered to be a story of democratic success, but it still struggles to realize the benefits of sustained and equitable economic growth. In the political context, the main challenges lie in governing such geographically vast and decentralized country, applying principles of good governance and the enormous task of reforming the country's bureaucracy.

Although, Indonesia's 'big bang' decentralization initiated at the turn of the century narrowed the gap between local government and citizens, it has also localized political power struggles. While the devolution of authorities relieved tensions between the central government and the regions, it has also created opportunities for corrupt and rent-seeking practices, at the local level. As indicated by Transparency International's corruption index scores, perceived corruption in Indonesia remains high.

<sup>3</sup> Wahid, Marzuki. 2010. LSM, Islam, dan Perempuan di Indonesia Paska Orde Baru. Presentation at the Asian Dialogues: Open Seminars in Asian Languages. Melbourne, 22 April. Available from <http://intranet.law.unimelb.edu.au/staff/events/files/Microsoft%20PowerPoint%20-%20LSM%20dan%20Islam%20di%20Indonesia%20--Melbourne%202010-FINAL.pdf> (accessed 25 October 2014)

**Table 2***Transparency International's Global Corruption Barometer survey: Indonesia*

Year	Corruption perceptions Index Score (0 perceived as highly corrupt and 100 perceived as clean)	Rank
2011	30	100/182
2012	32	118/174
2013	32	114/177

Source: Transparency International

In 2013, decentralization was taken a step further with the approval of the Village Law, intended to address weak governance arrangements and empower rural communities to participate politically. The new law could also lead to village elites distorting power relations and misusing government funding if not properly monitored.

Indonesia is still transitioning politically and many challenges lie ahead. According to the 2012 Indonesia Governance Index's Executive Report, "Indonesia is witnessing a paradox in its democracy. On one hand, a successful opening-up of civil liberty has led to the avalanche of democratic demands across the nation, however on the other hand, democratic institutions' are inadequately respond to those demands." Nonetheless, the Indonesian Governance Index, which focuses on measuring provincial governance, does show a general improvement in the performance of the government (political office) bureaucracy, civil society and economic society based on principles of participation, transparency, fairness, accountability, efficiency, and effectiveness between 2008 and 2012. Civil society scores improved the most significantly, while scores for bureaucracy rose slightly.<sup>4</sup>

**Table 3***Indonesia Governance Index: Average provincial scores*

Arena	2008	2012
Government	4.93	5.46
Bureaucracy	5.53	5.58
Civil Society	4.85	6.33
Economic Society	4.77	5.71

Source: <http://www.kemitraan.or.id/igi>

In the past decade, Indonesians have generally enjoyed a freedom to participate in the political process through a direct-election mechanism. However, in September 2014 lawmakers voted in favour of a bill reviving indirect elections of regional heads. The controversial vote provoked public outcry which saw peaceful protests and the public voicing their discontent through social media. In early October, just before the end of his term, president Yudhoyono issued a regulation in lieu of the law, effectively repealing the law until further judicial review.

The recent 2014 elections which marked the end of Yudhoyono's 10-year term, demonstrated that Indonesian voters are increasingly voting for popular figures irrespective of political party alliances. While practices of corruption, vote-buying and poor voter administration remained in the recent election, the public seems to have matured politically, indicated by the enormous interest in televised debates between the leading candidates. The appeal of the newly sworn in President Joko Widodo, popularly known as Jokowi, has come from his hands-on, man-of-the-people approach. As Jokowi begins his five-year term he will need to start addressing a myriad of challenges that include corruption, stagnant economic growth, and human rights concerns, particularly with respect to the rights to freedom of expression, peaceful assembly, and religious intolerance. If left unaddressed, these challenges could seriously undermine Indonesia's stability and democratic reforms.

<sup>4</sup> The IGI uses a scale of 1 (lowest) to 10 (highest). Data is available online through their website. Indonesia Governance Index, Data, "IGI Executive Report". Available from <http://www.kemitraan.or.id/igi/index.php/data/publication/factsheet/275-igi-executive-report> (accessed 25 October 2014)

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## 2.2 Civil Society context

This section describes the civil society context in Indonesia that is not SPO specific but in line with the information criteria used by CIVICUS.<sup>5</sup>

### 2.2.1 Socio-political context

Today, there are tens of thousands of civil organisations in the country<sup>6</sup>, comprising of religious organisations, unions, mass-based membership organisations, ethnic groups, professional associations, politically affiliated organisations, NGOs, and other community organisations.<sup>7</sup> CSOs in Indonesia work on wide range of themes. Thematic areas recently prominent include democratization and human rights; issue-based campaigns; protecting economic, social and cultural rights; promoting community access to basic services; environmental and natural resources management, and; climate change and disaster risk reduction. In 2012, the Ministry of Home Affairs documented more than 65,000 organisations, of which around 9,000 were officially registered with the Ministry.<sup>8</sup> A year later, the figure increased to more than 130 thousand foundations, associations, NGOs, research institutions, and other organisations.<sup>9</sup> It is worth noting that NGOs in Indonesia are also allowed to establish cooperatives or SMEs, of which there are 203,701 with a membership reaching 35.2 million people.<sup>10</sup> Under recently reinstated Law No. 25/1992 concerning cooperatives, the cooperatives' objectives are to improve the welfare of its members and participate in developing the economy.<sup>11</sup> Given these regulations it is possible to expand the definition of civil society to include cooperatives.<sup>12</sup>

The civil society stage has become more diverse; the stage is now "shared with more players, like political parties, religious organisations and universities, all able to speak out and publicize their views in a multitude of media outlets that have sprung up in recent years."<sup>13</sup> NGOs and civil society in Indonesia are now starting to deal with the dissolve of traditionally-compartmentalized roles and responsibilities as their activities begin to overlap with those of the government and private sector. As one recent report stated, "NGOs that were united against Suharto are now without a common enemy and something to unite them to a common vision."<sup>14</sup> While the government has come to recognize that "a strong civil society is an important contributor to both launching and sustaining a transition to democratic governance"<sup>15</sup>, NGOs and CSO networks continue to be scrutinized and criticized for being vehicles of foreign intervention.

Despite the considerable number of organisations, those operating effectively are likely to be a small proportion.<sup>16</sup> The accountability and transparency of CSOs and NGOs themselves has also come under greater scrutiny. "Donors have started to become impatient with some of their NGO counterparts, who have difficulties accepting that they now have to fulfil much greater demands"<sup>17</sup>. In recent years

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<sup>5</sup>Mati J.M., Silva F., Anderson T., April 2010, *Assessing and Strengthening Civil Society Worldwide; An updated programme description of the CIVICUS Civil Society Index: Phase 2008 to 2010.*, CIVICUS

<sup>6</sup>Under state law, there are two forms of organisation recognized legally: "yayasan" or foundations, and "perkumpulan" or associations. The main difference between foundations and associations is that the latter is member-based and in the way they are governed internally and under law. A large majority of NGOs in Indonesia are private foundations.

<sup>7</sup>NGO Accountability: Politics, Principles and Innovations edited by Lisa Jordan, Peter van Tuijl

<sup>8</sup>Source: <http://www.koran-jakarta.com/?112-1000-ormas-perbarui-pendaftaran>. This figure is similar to 2010 data provided by Rustam Ibrahim in *An ASEAN Community for All: Exploring the Scope for Civil Society Engagement*, FES 2011.

<sup>9</sup><http://kesbangpol.kemendagri.go.id/index.php/subblog/read/2013/2515/Pemerintah-Ada-Ormas-yang-Diperalat-untuk-Kepentingan-Asing/2330> & [www.kesbangpolbulukumba.info/berita-sambutan-dirjen-kesbangpol-pada-pertemuan-sosialisasi-undangundang-nomor-17-tahun-2013.html](http://www.kesbangpolbulukumba.info/berita-sambutan-dirjen-kesbangpol-pada-pertemuan-sosialisasi-undangundang-nomor-17-tahun-2013.html)

<sup>10</sup>Article entitled: *Pemerintahan Jokowi Diminta Terus Beber Koperasi dan UMKM*, 20 October 2014, Available at: <http://www.depkop.go.id/>

<sup>11</sup>A cooperative is defined in Article 3 as: "an economic organisation of the people with a social content (character) having persons or legal cooperative societies as members, farming economic entity as a collective endeavor based upon mutual help" (FAO, *A study of cooperative legislation in selected Asian and Pacific countries*).

<sup>12</sup>The World Economic Forum has adopted such a definition in 2013. See: *The Future Role of Civil Society*, available at: [http://www3.weforum.org/docs/WEF\\_FutureRoleCivilSociety\\_Report\\_2013.pdf](http://www3.weforum.org/docs/WEF_FutureRoleCivilSociety_Report_2013.pdf)

<sup>13</sup>NGO Accountability: Politics, Principles and Innovations, Edited by Lisa Jordan and Peter van Tuijl (2006)

<sup>14</sup>STATT NGO Sector Review 2012

<sup>15</sup>Evolution and Challenges of Civil Society Organisations in Promoting Democratization in Indonesia

<sup>16</sup>Rustam Ibrahim comments on this in FES 2011

<sup>17</sup>Ibid

foreign donor funding has depleted, which has led to more organisations turning to the private sector and government programmes.

Since 1985 the state has regulated member-based, citizen organisations under a Mass Organisations Law making it obligatory for social organisations to register with government. This law was largely ignored in the period of reform following 1998. However, in 2013 the law was replaced by a new controversial Mass/Societal Organisations (*Ormas*) Law No. 17, reinforcing control of foundations and associations. The Law could be used to prohibit or dissolve CSOs. Many NGOs and civil society networks deplored the Law for constricting democratic space and the freedom of civil society. The 2014 Freedom House Index's ratings for civil liberties in Indonesia declined from Free to Partly Free as a result of the new law<sup>18</sup>.

**Table 4**

*Indonesia's Rank & Score: Freedom House Indices*

Arena	2011	2012	2013	2014
Freedom status	Free	Free	Free	Partially Free
Political rights	2	2	2	2
Civil liberties	3	3	3	4

Source: <http://www.freedomhouse.org>

The 2013 CIVICUS report hinted that the legislation could be part of the state's reaction to a perceived threat that environmental, land rights and indigenous activists pose to political and economic interests due to the "shadowy connections that can exist between transnational corporations and politicians" in the agriculture extractive and construction industries.

The annual Freedom of the Press Index produced by Freedom House illustrates that Indonesia's media remains "partly free". From 2011 to 2012 there was significant numerical improvement from 53 points to 49 with the reduction of restrictions and a greater ability of journalists to cover news more freely. From 2012 to 2014, the country's rating remained steady at 49, with slight changes in global ranking (2012: 97<sup>th</sup>, 2013: 96<sup>th</sup>, 2014: 98<sup>th</sup>).<sup>19</sup>

Overall, the press system in Indonesia is vibrant, with a wide range of news sources and perspectives, further growing with the developments in digital media. "Indonesia's online growth in recent years is recognised as nothing short of phenomenal" (Matt Abud 2012). While the Internet is seen as a new space for debate and participation, current laws still curtail openness, accessibility, inclusiveness and place limits on its use for expression. Only a limited number of organisations like ICT Watch are addressing freedom of expression and online rights. Nonetheless, citizens are using cyber space to set up online communities and organize campaigns. Some recent examples include the commuter movement 'masukbusway.com' aimed to capture and shame traffic violators in Jakarta.

Less progressive sources of rhetoric can be found amongst a number of hard-line religious groups and leaders, such as *Front Pembela Islam* (Islamic Defenders Front or FPI), who have links with traditional religious schools (*pesantren*) and recruit members through these and online networks. Radical groups organize frequent protests to apply pressure on the government and are a threat to diversity and freedom.<sup>20</sup>

## 2.2.2 Socio-economic context

At a macro-level, Indonesia's socio-economic situation has been improving. The country is a regional and global economic force, and has recently graduated to lower-middle income country (LMIC) status.

<sup>18</sup> <http://www.freedomhouse.org/report/freedom-world/freedom-world-2014#.VE4BahbarZk>

<sup>19</sup> Freedom House. Freedom of the Press 2011, Freedom of the Press 2012, Freedom of the Press 2013, Freedom of the Press 2014.

<sup>20</sup> The Limits of Civil Society in Democratic Indonesia: Media Freedom and Religious Intolerance, Kikue Hamayotsu. Journal of Contemporary Asia, March 2013

**Table 5**

*Indonesia's Rank & Score: UN Human Development Reports*

	2010	2011	2012	2013
HDI Rank (scale 1 – 187 for all years except 2010 out of 169)	108	124	121	108
HDI Value	0.671	0.640	0.681	0.684
Category	Medium human development			
Life expectancy at birth (years)	70.2	70.4	70.6	70.8
Mean years of schooling (years)	7.4	7.5	7.5	7.5
Expected years of schooling	12.5	12.7	12.7	12.7
GNI per capita (2011 PPP\$)	7,802	8,201	8,601	8,970
Gender Inequality Index (value & rank)	0.680 100 (2008 data)	0.505 100	0.494 106	0.500 103

Source: Human Development Report 2014 & Explanatory Note for Indonesia

In recent years, Indonesia has consistently been ranked in the medium development category of the UN's Human Development Index (HDI) measuring a long and healthy life, access to knowledge and a decent standard of living. In 2013, the HDI value was 0.684 with a rank of 108 out of 187 countries and territories. However, the value falls to 0.553, or 19.2 percent, when taking into account inequality. Indonesia's HDI is above its peers in the medium development category but below the average of 0.703 in East Asia and the Pacific. The Gross National Income (GNI) per capita is steadily rising to US\$ 8,970, a remarkable feat considering it was just 2,931 in 1980. Despite improvements, the 2014 report and its explanatory note show that growth is slowing and the country has yet to achieve equitable growth. For example, women only hold 18.6 percent of the seats in parliament, 10 percent fewer women reach secondary education compared to men, and women's labour market participation is 51.3 percent compared to 84.4 percent for men.<sup>21</sup>

The Basic Capabilities Index (BCI) produced by Social Watch offers a picture of the status of key human capabilities of accessing basic services. It utilizes three main indicators: under-five mortality rate, births attended by skilled personnel, and enrolment of children up to the 5th grade. Countries are categorized into five groups accordingly based on their BCI values: 1) Basic: 98 and over; 2) Medium: from 91 to 97; 3) Low: from 81 to 90; 4) Very Low: from 71 to 80, and; 5) Critical: values below 70. Results for Indonesia saw stable or improving scores for child and maternal health, but a regression for education. While no data beyond 2011 is available, other data sources confirm that Indonesia still has high maternal mortality rates but basic education through primary school enrolment is improving.<sup>22</sup>

**Table 6**

*Indonesia's Rank & Score: Basic Capabilities Index*

Year	Children reaching 5 <sup>th</sup> grade	Survival up to 5	Births attended by skilled health personnel	BCI
2011	87 (low)	96 (medium)	73 (very low)	88 (low)
2010	94 (medium)	96 (medium)	79 (very low)	90 (low)
2000				86 (low)
1990				74 (very low)

Source: Social Watch

Indonesia does not fare too well on the Social and Economic Rights Fulfilment (SERF) Index. In 2012 Indonesia achieved 67.86 percent of protecting social and economic rights. Although there was an improvement compared to 2011 values, performance worsened when compared to 2010. The country consistently preforms poorly in the areas of right to food and right to work, although it improved in fulfilling rights to education.

<sup>21</sup> Human Development Report 2014, 'Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience': Explanatory note on the 2014 Human Development Report composite indices Indonesia

<sup>22</sup> See: Social Progress Index 2014 Country Scorecards published by the Social Progress Imperative; and the World Bank's Indonesia Development Policy Review 2014.

Table 7

*Social and Economic Rights Fulfilment (SERF) Index Values: Indonesia*

Year	SERF Index Value	Right to Food	Right to Health	Right to Education	Right to Housing	Right to Work
2012	67.86	45.33	83.95	95.19	64.26	50.56
2011	65.71	45.01	85.16	93.43	63.88	41.09
2010	69.29	45.75	85.95	93.82	65.88	54.72

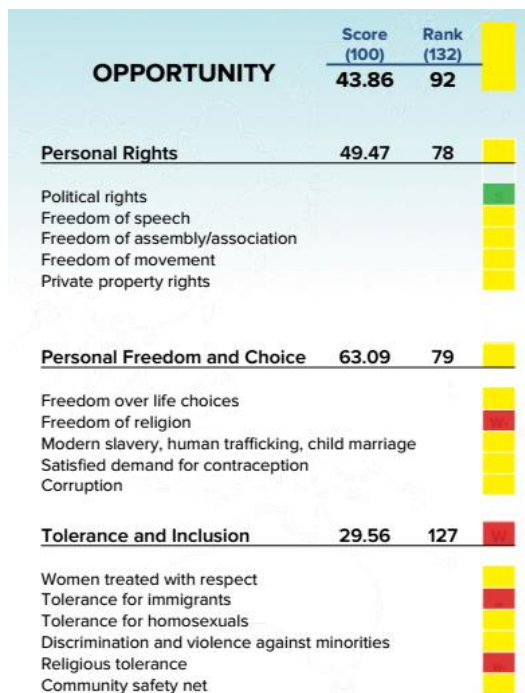
Source: Social Watch, Core Country SERF Indices 2010, 2011 and 2012 (Note that 2010 data was adjusted in 2013).

Trends in the country’s Economic Freedom Scores produced by The Heritage Foundation and The Wall Street Journal are also rather bleak. From 2010 to 2014 the country has been categorized as ‘Mostly Unfree’, with only a small increase in its score from 55.5 to 58.5.<sup>23</sup>

These macro-level figures illustrate the complexity of the socio-economic context. While the economy has grown, 65 million people remain highly vulnerable to shocks. Disparities in income and geographic areas remain, made more complex by the number of people ‘floating’ between the poor and middle class’.<sup>24</sup>

2.2.3 Socio-cultural context

With respect to the socio-cultural context it is of interest to look at global indices that provide some insight into the level of trust between ordinary people and the extent to which tolerance exists. On a



**Figure 1** Indonesia’s 2014 Social Progress Index Scorecard illustrating selected elements of the Opportunity

whole, Indonesia has been able to maintain peace as indicated in the improvements in scores recorded by the annual Global Peace Index. In 2010, the country scored 1.950 on a scale of 1 to 5, with 1 being the best score. This has gradually improved to 1.853 in 2014, with a rank of 54 out of 162 countries. Nonetheless, inequality, socio-economic conditions and rights claims (especially land rights) are still a source of localized incidences of conflict in Indonesia. Between 2010 and 2014 there has been a rising incidence of resource and identity-based conflicts as well as vigilantism.<sup>25</sup>

Amongst other components, the Social Progress Index published in 2014 examines whether there is opportunity for individuals to reach their full potential by scoring four different components: personal rights; personal freedom and choice; tolerance and inclusion; and access to advanced education. Indonesia scores low in this regard, at just 43.86 out of 100 and ranking 92<sup>nd</sup> out of 132 countries. Freedom of religion, tolerance for immigrants and religious intolerance are all considered to be weak (red), while the majority of the components are scored as neutral (yellow).

The Edelman Trust Barometer Survey, which collects annual data from 33,000 respondents in 27 countries

has shown that on aggregate, Indonesians’ confidence in nongovernmental organisations, government, media and businesses increased by 10 percent in the 2014 trust index. Interestingly, businesses, with 82 percent, are the most trusted of the four sectors compared to 73 percent for NGOs, 53 percent for government and 73 percent of respondents putting their trust in the media.

<sup>23</sup> <http://www.heritage.org/index/>

<sup>24</sup> World Bank’s Indonesia Development Policy Review 2014

<sup>25</sup> Data from the National Violence Monitoring System: [www.sn timer-indonesia.com/](http://www.sn timer-indonesia.com/)



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According to survey results, Indonesians believe businesspeople are more inclined to tell the truth than their government counterparts and three times more likely to fix problems.<sup>26</sup>

The trends in levels of trust in NGOs over the past four years are noteworthy. In 2011, the trust level was at 61 percent, decreasing to 53 percent in 2012 and 51 percent in 2013. Reports claimed this was due to a lack of transparency and accountability. Edelman reported that the trust levels in 2013 were the lowest amongst eight Asia Pacific countries surveyed, ascribed to the growth of horizontal, peer-to-peer networks and a preference for social media.<sup>27</sup> The most recent results released in 2014 show substantial jump to 73 percent in 2014 which is attributed to NGOs now being able to 'walk the talk' in accountability and transparency, as well as the emergence of 'corporate NGOs'.<sup>28</sup>

## 2.3 Civil Society context issues with regards to the MDG

Several important changes took place during the 2011 and 2014 period. First, the global financial crisis and Indonesia's rise to a middle-income country led to a decrease in international donor funding. Development actors, including CSOs and NGOs, have to compete harder for funding. Some have been more successful than others in diversifying funding by turning to the private sector or private foundations. At the expense of past idealism, local NGOs are now more disposed to receiving funding sources which in the past may have been criticized as supporting neoliberalism.

Regulatory changes also affected the civil society arena positively and negatively. Annex 7 provides an overview of some of these important policy changes. Amongst the more controversial laws to spark reaction was Law No. 17/2013 on Societal Organisations. In an open letter sent before the bill was enacted, CIVICUS said the law would undermine freedom of association and "prevent CSOs from working on sensitive topics related to good governance and democratic reform in the public interest".<sup>29</sup> FORUM-ASIA deplored the repressive provisions in the law that "leave all groups vulnerable to attacks, undermining the hard-won democratic space that has been forged by civil society since the end of the New Order regime."<sup>30</sup>

Other laws passed that provoked criticism were the State Intelligence Law (October 2011) and the Social Conflict Law (April 2012). NGOs and media see these laws as imposing further restrictions on freedom of speech, potentially leading to the criminalization of human rights defenders and signifying a tightening of state control. Discriminatory content was also an issue in discussions on the Religious Harmony Bill in 2013, for which drafting was initiated in despite not being part of the planned National Legislative Program. Late in 2013, the House of Representatives came under fire again for its weak stance against religious intolerance when it re-endorsed a law that limits state-recognized religions to six.

Land rights and natural resource protection have been a long-standing issue for Indonesia. While Indonesia has adopted and amended laws to improve the rights of smallholders and indigenous communities, many of these regulations have faltered in their implementation. Part of the issue lies in the overlap and lack of clarity of laws adopted that regulate different sectors and local legislation. Another issue is that there is a lack of oversight in the procedures such as granting permits and

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<sup>26</sup> Indonesians Trust Businesses More Than Govt, Survey Shows. By Harriet Conron & Nicole Jade Millane on Feb 05, 2014. <http://thejakartaglobe.beritasatu.com/news/indonesians-trust-businesses-more-than-govt-survey-shows/> & Further Rise in Trust in Indonesia, with Business as the Most Trusted Institution in the Country, Says the 2014 Edelman Trust Barometer, Edelman Indonesia, February 5, 2014 <http://www.edelman.id/edelman-indonesia/further-rise-in-trust-in-indonesia-with-business-as-the-most-trusted-institution-in-the-country-says-the-2014-edelman-trust-barometer/>

<sup>27</sup> Guest Post: A Crisis of Trust in Indonesian NGOs? April 29, 2013. by David Brain <http://www.edelman.com/post/guest-post-a-crisis-of-trust-in-indonesian-ngos/>

<sup>28</sup> Jakarta Globe (Indonesians Trust Businesses More Than Govt Survey Shows)

<sup>29</sup> Civicus, "Civicus Releases an Open Letter Requesting the Indonesian Parliament to reject the Proposed Ormas Law and Create an Enabling Environment for Civil Society", 10 April 2013. Available from <http://civicus.org/index.php/en/media-centre-129/open-letters/1581-open-letter-requesting-the-indonesian-parliament-to-reject-to-the-proposed-ormas-law-and-create-an-enabling-environment-for-civil-society> (accessed 27 October 2014)

<sup>30</sup> Azhar, Haris. 2013. Repressive provision in the Ormas law. Statement to The Asian Forum for Human Rights and Development, in Forum-Asia, "Indonesia: Passage of Ormas Bill Condemned, Campaign to Oppose the Law to Continue", Bangkok, 4 July 2013. Available from <http://www.forum-asia.org/?p=16305> (accessed 27 October 2014)

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licensing. These problems, which are commonly found across development sectors, are compounded by a lack of information among local communities on what the laws regulate and their rights vis-à-vis them.

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## 3 Description of LPPSLH and its contribution to civil society/policy changes

### 3.1 Background LPPSLH

*Lembaga Penelitian dan Pengembangan Sumberdaya dan Lingkungan Hidup* or the Foundation for Research and Development of Natural Resources and Environment (LPPSLH) was established in 1987. LPPSLH's vision is to become a professional and self-sustained organisation that contributes to social justice and democratisation on the principles of equality and interdependency in the fields of natural resources and environment. The missions of LPPSLH are as follows<sup>31</sup>:

- Ensuring effective management of organisational resources for the sustainability of community empowerment activities;
- Building a reputable organisation and expanding networks;
- Conducting advocacy and civic education to strengthen peoples' organisations as the motor of social movements;
- Developing professional institutional systems through effective and accountable administrative, MIS and finance systems.

To realize its vision and mission, LPPSLH has four programmes<sup>32</sup>:

1. Agriculture: aiming to facilitate the development of sustainable agriculture in order realize the independence of farmers and food sovereignty.
2. Forestry: aiming to facilitate the development of community forestry in order to realize the fair, democratic and sustainable forest management.
3. Urban development: aiming to facilitate the development and improvement of community participation, especially the poor and marginalized
4. Small business development: aiming to facilitate the development of small and micro enterprises in order to realize access to and control over economic resources.

Since 2008, Hivos has supported LPPSLH's agricultural programme in Central Java, where its interventions are concentrated in seven districts. LPPSLH has assisted small-holders and producers through support from government, development banks and multilateral agencies, private sector actors, international NGOs and national grant-making organisations. Assistance to coconut palm sugar producers has been provided for almost 20 years by the organisation. LPPSLH has experience in supporting the establishment of cooperatives. The organisation also has developed a business unit. Apart from its concern on agricultural and livelihood issues, LPPSLH has supported women's empowerment issues (also with Hivos support) by providing assistance to small-scale women entrepreneurs.

### 3.2 MFS II interventions related to Civil Society

The MFS II interventions that relate to civil society in LPPSLH's project are associated with the support provided to small-scale producers. LPPSLH works to minimize the vulnerability of small-scale sugar producers by organising them and creating market access opportunities to sell their products at reasonable and fair prices. In consequence, producers improve their incomes and socio-economic position.

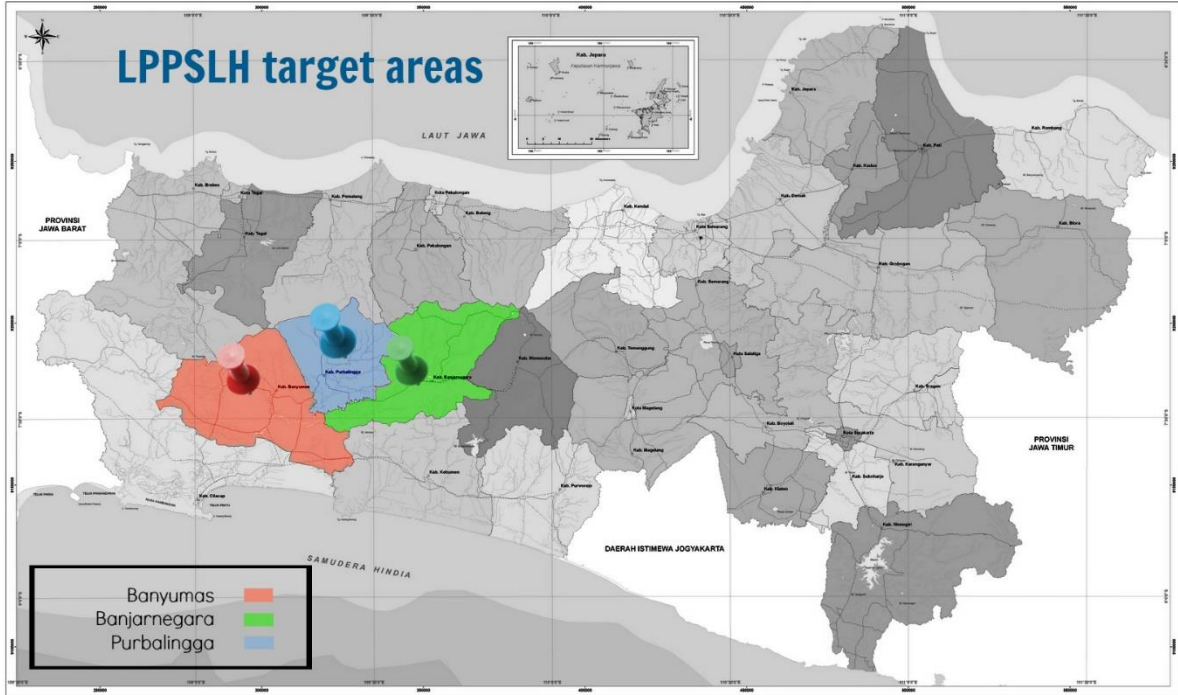
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<sup>31</sup> "Profil LPPSLH", LPPSLH, 2012

<sup>32</sup> Ibid

LPPSLH’s interventions are invariably related to ‘strengthening of intermediary organisations’ and ‘civic engagement’. By supporting cooperatives, the project has played a role in developing the palm sugar value chain that benefits small-scale farmers. Creating community organisations facilitates the participation of marginalised groups in the local economy, while direct actions to improve livelihoods address structural poverty by increasing control over economic resources. LPPSLH’s efforts in the agricultural sector are considered to be contributing to sustainable growth, which takes into account the environment, community involvement and gender parity. LPPSLH’s interventions contribute to building a strong civil society, as well as assisting the district government to regulate an insurance scheme for palm sugar farmers and tappers. The district government engaged Bank Pembangunan Daerah or BPD of (Regional Development Bank) Central Java, a provincial government–owned bank to provide the insurance scheme.

Support to palm sugar producers takes place in three districts in Central Java: Banjarnegara, Purbalingga and Banyumas (See map below). Interventions began in Banyumas and were then replicated in Banjarnegara and Purbalingga.



**Figure 1** Target areas of LPPSLH support for palm sugar producers.

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### 3.3 Basic information

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Table 8

*Basic information LPPSLH*

	Details
Name of SPO	: LPPSLH
Consortium	: People Unlimited 4.1
CFA	: Hivos
Start date of cooperation	: 2008
MDG/Theme	: MDG 7ab
MFS II Project Name	: Quality improvement and Market Access Development of Organic Palm Sugars Produced by Smallholder Farmers in Central Java – Indonesia (Project ID: RO SEA 1002298)  Strengthening Palm Sugar Producer's Cooperative, Identification and Pilot Initiative on Productive Landscape in Banyumas Central Java, 2013 – 2015 (Project ID: RO SEA 1007811)
Contract period	: April 1, 2011 - March 31, 2013 December 1, 2013 – August 1, 2015
Total budget	: € 54,833
Hivos	: € 67,200
Other donors if applicable	: N/A
Estimation of % of budget for CS <sup>33</sup>	: 55%

Sources: Project documents

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<sup>33</sup> Costs that relate to civil society development or policy influence are those costs that possibly contribute to the development of the CIVICUS dimensions, excluding coordination and office costs; staff costs and financial reserves.



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## 4 Data collection and analytical approach

### 4.1 Adjustments made in the methodology of the evaluation

The evaluation process began with an input-output-outcome analysis of documents made available by the CFA and any relevant documents from the baseline evaluation. While generally this preliminary step was able to provide guidance to the in-country evaluation team for the focus of process-tracing, there were some challenges due to incomplete documentation, particularly pertaining to the project documents for interventions beginning in 2013. LPPSLH project documents were not fully helpful for the evaluation team as some progress was not reported systematically according to program's logical framework. There was some confusion and ambiguity because reports made reference to three different project titles. Moreover, the progress was primarily reported on one cooperative (in Banyumas) while there are actually three cooperatives receiving LPPSLH assistance. Nonetheless, because the support during the 2013-2015 period is more or less a continuation of earlier support (2011-2013), the input-output-outcome analysis was still of benefit to the team.

The evaluation team followed the operational guidelines to a great extent, and was able to hold a workshop with all of LPPSLH sub-groups. In practice, the workshop lasted five hours, with full participation of all sub-groups. However, due to unfamiliarity with CS dimensions and a large turnout (around 20 participants), the workshop was not fully efficient. As a result, of participant's difficulties in understanding CS dimensions and questions, the evaluation team was unable to obtain averages or scores for each subgroup. The in-country team assigned the scores and then confirmed these with LPPSLH.

Another obstacle was the lack of participant preparation for the workshop. Not all participants had fully read or understood relevant documents (baseline report, CS dimensions change) shared with them prior to the workshop. All of the participants found it difficult to respond to the CS dimensions of change questions, partly due to confusion over whether or not the evaluation's scope was focused on the Hivos-funded projects or more general for organisational/institutional changes.

There was also some discussion between CDI and the in-country evaluation team as to whether or not the cooperative structure should still be considered part of civil society, especially since the cooperative also had a business objective. But since LPPSLH is not a cooperative itself and claims to have a strong basis at the grassroots level, cooperative establishment was considered to be a means to organize small-scale farmers and producers.

### 4.2 Difficulties encountered during data collection

During data collection, the team experienced the following difficulties:

- Workshop participants did not really understand, nor were they familiar with the CS indicators or the CIVICUS framework. They found it difficult to relate LPPSLH's situation with the indicators, although most of them participated in the baseline process. This lessened the effectiveness of the workshop.
- LPPSLH does not have a strong monitoring and evaluation system in place, nor does it have dedicated personnel. As such, it added to difficulties in finding hard data and effected the agreement on the outcomes. Of note is that a new research and development division was formed nine months ago, which is supposed to take on the role of external reporting.
- LPPSLH has not had an evaluation conducted by an external party before (except the MFS-II baseline and end line) which resulted in a lack of preparation and minimum understanding of common evaluation practices.

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- The outcomes identified for process-tracing should ideally be supported by more extensive data collection (through for example a survey) to infer a general conclusion from LPPSLH beneficiaries. However, with the available time and resources, such data collection could not be conducted.
  - Identification of two outcomes for in-depth process tracing

The first outcome (small-scale palm sugar producers are organized into three cooperatives that are operational and profitable) was selected with the following considerations:

- It was one of several outcomes that all workshop participants agreed to as being a significant achievement.
- It is one of the elements in LPPSLH's Theory of Change (ToC), and the resulting model of change also addresses the ToC's main assumptions.
- The input-output-outcome analysis also provided similar directions for in-depth process-tracing.
- Since this outcome is an indicator of increased level of organization, it can also be used to measure the extent of LPPSLH's civic engagement.
- Since the contract with Hivos specified performance indicators that focused on cooperative growth and capacity improvements, the evaluation team expected fewer difficulties to find supporting evidence.

The second outcome (Improved position of palm sugar farmers' vis-à-vis middlemen) was selected because:

- It was one of several outcomes that all workshop participants agreed to as being a significant achievement.
- The baseline report suggested that the cooperative work was building a stronger civil society and identified the decreasing control of middlemen in the value chain as an area of impact.
- The outcome was linked to the assumptions and elements of Theory of Change (ToC) from the baseline, which included a goal for building farmers' self and control of economic resources.
- It was more suitable to LPPSLH's intervention design, which does not focus on influencing public and private sector.
- The second outcome is related to the first outcome. The second outcome achievement requires the first outcome as part of its causal explanation.

Based upon an analysis of the projects and programmes financed by the Dutch CFAs, four strategic orientations for civil society were identified. Two of which were selected for each SPO for in-depth process tracing. In the preliminary guidance, CDI suggested to the country team to look at the selected strategic orientations. For LPPSLH, only the first outcome matched with civil society orientations in: ensuring that the organisations that receive support from the SPO (intermediary organisations) are capable of playing their role in civil society; the influence in public sector was not selected as LPPSLH's intervention design does not oriented specifically to this dimension. As a more relevant replacement, the evaluation team decided to look at impact on civil society.



# 5 Results

## 5.1 Results obtained in relation to intervention logic

Table 9

Overview of results achieved in relation to project plan LPPSLH

Result Level	Description	Level of achievement
Objective 1	Palm sugar farmers have a role and control in managing business and product quality assurance	Achieved: Farmers able to implement a quality management system. Farmers also have the ability to regulate the income and expenditure in the business, reduce dependency on collectors / brokers. Improved land production assets and increased numbers of crops. Farmers able to apply agreed standards of quality for organic palm sugar, and produce grade A quality sugar.
Result 1.1	Farmers have capacity in managing palm sugar businesses	Achieved: Farmers have improved skills in business management. 533 farmers have records of production, sales and revenue.  Cooperative Nira Satria (KSU) has an agreement with CV P3R for the sale of sugar on domestic and international markets, agreements with 6 buyers for export and 4 buyers for domestic market
Result 1.2	Improved quality of palm sugar products, oriented towards a proper internal management system that is in line with consumer needs.	Achieved: By early 2013 1,044 farmers have become certified members of ICS to apply the quality management system. Not all members of Nira Satria are certified.
Objective 2	Organization built (cooperative) for palm sugar farmers that is able to market products and provide health insurance services.	Achieved: In December 2011, the farmers formed cooperative Nira Satria, registered as a legal entity. By 2012 cooperative membership reached 1,044 certified producers covering 9 villages. Insurance scheme provides minimal coverage. LPPSLH worked with the local government to organize an insurance scheme for palm sugar farmers and tappers provided through a state-owned bank.
Result 2.1	Palm sugar farmers organization built, which is able to market its products.	Achieved: Increase in cooperative membership. 1,044 palm sugar farmers from four sub districts in Banyumas district. From Feb 2012 - Feb 2013 the cooperative has marketed 99,115 tons of sugar. Improved capacity of cooperative in: managing palm sugar business; participatory management through internal control system; in providing support and assistance to palm sugar producers; build partnerships and networks with a number of actors: Dinperindagkop, Dispertanhutbun, banks - BI & BRI, Unsoed, and CSOs like GDM (Gerakan Desa Membangun).
Result 2.2	Palm sugar farmers' organization has certification and can provide health insurance services to the community. Indicator - 1,000 palm sugar farmers registered with the ICS member institutions (cooperatives) as the holders of the certificate of organic palm sugar.	Achieved: The ICS coordinator of the cooperative coordinates ICS teams established at the village level. ICS team performs quality control, production training, technical supervision and checks for products that are not in accordance with the internal organic standards.
Other performance indicators not captured by above results	Income of members of the cooperative increases significantly through the palm sugar business and their health also improves through an insurance scheme offered by the cooperative.  Improved capacity of LPPSLH to manage earned income.	Achieved: Increased income of 35% for 520 producers, more efficient production increases income/return 30% through use of more efficient cookstoves. 7 members injured at work are covered through the community insurance scheme.  Achieved: LPPSLH trusted by government and Swisscontact to undertake training and research. Increase in earned income through CV P3R, as much as IDR 5 billion per year.

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LPPSLH reports did not always follow the intervention logic and plan. The above results have been summarized from the documents made available CDI<sup>34</sup>. Based on LPPSLH's institutional audit, there is an explicit distinction between two Hivos projects: *Strengthening of Rural Women to Manage and Improve Market Access for Agricultural Product* and *Improving the Welfare of Coconut Sugar Producers in Purbalingga and Banjarnegara District through Improved Product Quality and Market Access*. However, in their reports LPPSLH used the title *Quality improvement and Market Access Development of Organic Palm Sugars Produced by Smallholder Farmers in Central Java*. Also, LPPSLH did not report on specifically formulated objectives with regard to the position of women and gender equality, nor did project reports mention progress in Purbalingga and Banjarnegara Districts.

**Box1: Crystal coconut palm sugar vis-à-vis traditional coconut cast sugar**

Coconut sugar syrup can be processed into two kinds of product. Traditionally, the syrup is boiled and then condensed into casts or blocks. The new approach introduced grinding the condensed syrup instead of casting, resulting in crystal-like or grain sugar (thus domestically popular as 'crystal coconut sugar' or 'ant sugar'). With its grainy form and longer processing, crystal sugar has less moisture content allowing for better packaging and longer expiry duration. Crystal sugar is a product preferred by premium and export consumers while traditional cast sugar is more widely used domestically. To increase its added value, crystal coconut sugar has to be certified to ensure it is produced organically. As a diversified product, crystal coconut sugar is a new or alternative value chain from its traditional counterpart. The traditional value chain has been well known to marginalise farmers /producers as it is identical with debt, untransparent pricing, and monopolization by middlemen.

The Quality improvement and Market Access Development of Organic Palm Sugars Produced by Smallholder Farmers in Central Java corresponds with the Hivos contract RO SEA 1002298, implemented in between April 2011 and March 2013. This project was followed up by another contract (RO SEA 1007811) with the title: *Strengthening Palm Sugar Producer's Cooperative, Identification and Pilot Initiative on Productive Landscape in Banyumas Central Java, 2013 – 2015*.

## 5.2 Changes in civil society in the 2012-2014 period

### 5.2.1 Civic engagement

Civic engagement describes the formal and informal activities and participation undertaken by individuals to advance shared interests at different levels. Participation within civil society is multi-faceted and encompasses socially-based and politically-based forms of engagement.

Since the baseline assessment, LPPSLH has contributed to a slight improvement of civic engagement because membership of the three cooperatives that it has created has increased and because the cooperative's management has improved.

The Hivos supported program initially targeted interventions in only one district, Banyumas. It started with the creation of the multi-purpose cooperative Nira Satria that has given the impetus for the replication of LPPSLH's model to the districts of Banjarnegara and Purbalingga. In addition, Cilacap district officials have now approached LPPSLH, also requesting their assistance. More small-scale sugar producers are benefitting from LPPSLH's interventions. Since their establishment, all three cooperatives have grown in membership size and have successfully included different farmer groups: men, women, landowners, landless and middlemen. The Nira Satria cooperative started with 46 members in 2011, but two years later the three cooperatives counted a total membership of 1,749<sup>35</sup>. Women comprise 33 percent of cooperative members, while landless farmers comprise almost 75 percent (Nira Satria and Nira Perwira).

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<sup>34</sup> Analysis of achieved results mainly based on the following documents: Progress Program LPPSLH berdasarkan Indikator Kontrak, Proposal Program Lanjutan Gula Kelapa Banyumas 291113, Proposal \_ Rencana Kerja Hivos-LPPSLH 2011.

<sup>35</sup> There is no clear data for 2014 except for Nira Perwira. If the 2014 figures for this cooperative are taken into account, then the total membership now counts 1,770

The cooperatives offer benefits beyond the generation of profit. Members benefit from trainings, monitoring of production, certification of the sugar products, savings, and a better ability to pay off debts through the higher prices the cooperative can offer for crystal sugar. With the establishment of the cooperatives, the quality of organic palm sugar produced by smallholder farmers has improved and there is access to premium markets for crystal sugar based upon coconut and palms.

LPPSLH has tried to address gender equality through promoting women’s representation in the cooperative management structure and by engaging women in the production of refined sugar. The processing of sugar relies on both women and men carrying out particular tasks, but how women benefit from increased palm sugar markets is not measured.

**Box 1: Coconut palm sugar and processing methods**

The producers make coconut sugar (also known as coco sugar, coconut palm sugar or coco sap sugar) is a sugar produced from the sap of cut flower buds of the coconut palm. Coconut sugar has been used as a traditional sweetener for thousands of years in the South and South-East Asian regions where the coconut palm is in abundant supply. The world’s largest producers of coconuts are the Philippines and Indonesia.

Coconut sugar syrup can be processed into two kinds of product. Traditionally, the syrup is boiled and then condensed into casts or blocks. The new approach introduced grinding the condensed syrup instead of casting, resulting in crystal-like or grain sugar (thus domestically popular as ‘crystal coconut sugar’ or ‘ant sugar’). With its grainy form and longer processing, crystal sugar has less moisture content allowing for better packaging and longer expiry duration. Crystal coconut sugar is a product preferred by premium and export consumers while traditional cast sugar is more widely used domestically. To increase its added value, crystal coconut sugar has to be certified to ensure it is produced organically. As a diversified product, crystal coconut sugar is a new or alternative value chain from its traditional counterpart. The traditional value chain has been well known to marginalise farmers /producers as it is identical with debt, untransparent pricing, and monopolization by middlemen.

Farmers themselves make up the executive management of the cooperatives. Mandatory meetings are held by the cooperatives to discuss planning and progress. There is evidence that the cooperatives’ organisational capacity has also increased, and that non-performing executive committees have been replaced. The cooperatives are independent institutionally from LPPSLH and can sell sugar to any buyer, although they prefer to sell to *Pusat Pengembangan Produk Rakyat* or P3R (Civil Product Development Centre, the marketing unit of LPPSLH). All three cooperatives have been recognized for their success through various awards and acknowledgement by the district government. LPPSLH maintains an institution-to-institution relationship between themselves and farmers’ cooperatives.

Whereas LPPSLH, during the baseline still had to engage with the local government of Banyumas district to decrease the regulatory burden of both the first cooperative and their members, this is not necessary anymore, because the leadership of the district changed.

**Score baseline 2012 on an absolute scale from 0-3: 2**  
**Score end line 2014, relative change on a scale of (-2, +2): 1**

5.2.2 Level of organization

This dimension assesses the organisational development, complexity and sophistication of civil society, by looking at the relationships among the actors within the civil society arena.

Since the baseline, LPPSLH’s level of organisation has improved: It slightly expanded its network of NGOs to collaborate with and intensified its collaboration with some of them; It improved its financial resource base, and; it’s cooperative model has also strengthened the relations between producers and middlemen at community level and in consequence, improving the social network and the capacity to defend one’s interests.

Since the baseline strategic collaboration and partnerships were maintained with organisations working on similar issues (i.e. agriculture and the economic position of small-scale farmers and producers). At the regional level, LPPSLH became the coordinator Komunitas Rembug Tani

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(Community for Rembug Farmers) in 2013, a network that promotes organic farming and food security. LPPSLH's collaboration with these organisations, especially the People's Coalition for Food Sovereignty (KRKP) and Rembug Tani) is quite regular. At the national level, since 2014 LPPSLH is engaged in a new network called Agri-Profocus Indonesia, which works with members in the areas of youth in farming, access to finances, market access, and sustainable development services on different agricultural crops and value chains.

Generally, LPPSLH has increasingly been able to defend the interests of the producers who joined the cooperatives, initially created in only one district but now performing in three districts. It has developed a tried and tested a model for improving the capacities of farmer cooperatives that has led to better economic position of small producers. In addition to intensive accompaniment, one of the key elements of success of the model has been the appropriateness of the interventions with respect to the rural dynamics and the complex relations between farmers and middlemen. LPPSLH has been open to the participation of middlemen in its cooperative model. Middlemen and farmers have enjoyed benefits from the diversification of sugar products and the introduction of a new value chain. With the introduction of a new export-oriented market for organic crystal coconut palm sugar offering better profit margins, farmers have an alternative to traditionally produced cast sugar products. This in turn has led to a better position vis-à-vis middlemen, who themselves are joining the cooperative ranks because of improved cash flow opportunities. However, for non-cooperative members and members who continue to produce the traditional forms of cast sugar, middlemen are still in a position to control prices, especially amongst farmers who rely on middlemen for loans. Farmers who are not cooperative members have little option but to sell their products to middlemen as a means to pay off debts.

LPPSLH's support to the cooperatives is still essential although the cooperatives are becoming more independent. The cooperatives have greater financial independency, as illustrated in their ability to pay for General Assemblies utilizing their own fund. All three cooperative still rely on the market linkages created by LPPSLH (through P3R), intensive accompaniment, financing of routine certification, and rigorous quality control. Only Nira Satria has been able to cover half the certification costs. LPPSLH has also established a quality control unit, known as ICS (Internal Control System) and has trained farmers to regularly monitor whether crystal sugar is produced to international export standards. In doing so, LPPSLH has applied a participative farmer-to-farmer approach that relies on social pressure and incentives.

In its work with sugar farmers, LPPSLH has diversified funding sources. The government has supported much of LPPSLH's work either through funding arrangements or by assisting the cooperatives through the provision of tools or other production inputs. There is a high level of interest from neighbouring districts like Cilacap to fund the replication of LPPSLH's model. With the current resource base, LPPSLH's support to the three cooperatives could be sustained even without external donor funding. With regards to other program areas, LPPSLH receives funding from USAID and Global Fund for an HIV/AIDS intervention and Ford Foundation for a programme on agroforestry.

**Score baseline 2012 on an absolute scale from 0-3: 2**

**Score end line 2014, relative change on a scale of (-2, +2): 1**

### 5.2.3 Practice of Values

Practice of Values refers to the internal practice of values within the civil society arena. Important values that CIVICUS looks at such as transparency, democratic decision-making, taking into account diversity that are deemed crucial to gauge not only progressiveness but also the extent to which civil society's practices are coherent with their ideals.

In 2013, LPPSLH improved its organisational structure by clearly separating the functions of the executive management and the board. Another improvement since 2012 has been in LPPSLH's auditing practices. The SPO now conducts both project-based audits and institutional audits. The institutional audit is funded by LPPSLH themselves. The composition of the social organs and diversity of them remains the same as during the baseline: There are no community members or persons representing marginalized groups in the social organs, which is not unusual for foundations in Indonesia.

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As during the baseline, LPPSLH has applied transparency principles within the cooperative structures as well. Cooperative members are informed of the financial conditions and have the right to inquire with the cooperative on these issues or to express their ideas in the general assembly. Cooperative members are also aware of the prices of palm sugar on the international market and profit-sharing mechanisms.

**Score baseline 2012 on an absolute scale from 0-3: 2**

**Score end line 2014, relative change on a scale of (-2, +2): 1**

#### 5.2.4 Perception of Impact

Perception of Impact assesses the perceived impact of civil society actors on politics and society as a whole as the consequences of collective action. In this, the perceptions of both civil society actors (internal) as well as actors outside civil society are taken into account. Specific sub-dimensions for this evaluation are the extent to which the SPO has contributed to engaging more people in social or political activities, strengthening CSOs and their networks, and has influenced public and private sector policies.

##### **Impact upon the civil society arena**

Since the baseline LPPSLH's interventions have slightly improved the civil society arena in which it operates.

In the first place, the livelihoods of some 1750 persons, of which 75 percent do not own land and 33 percent are women have improved, not only in the material sense by increased income, but also in immaterial terms: cooperative members have broadened their network, are engaging in the cooperative's live and management, and have gained more confidence in engaging with government officials in their district.

In the second place the relations between middlemen and producers are being challenged by the cooperatives that are capable of producing crystal sugar for premium markets, thus offer new opportunities for sugar producing farmers and decreasing their chance of becoming trapped in debt pay-off arrangements with middlemen which further impoverish them. Also middlemen, in particular smaller and vulnerable middlemen, who due to the non-payment of debts in time, also faced difficulties in managing their cash flows; join the cooperatives and accept the cooperative arrangements in place. Their advantage is an easier management of their cash flows.

In the third place, apart from the three cooperatives created between 2011 and 2013 that continue to grow in membership, other districts are also interested to have such cooperatives being created, some of which experienced this is not possible without the support given by LPPSLH. Some of these districts have started to approach LPPSLH to assist them in this.

The three cooperatives are performing and a key element of their success is that they have a quality control system in place that ensures that the crystal sugar produced complies with the standards of premium markets, including organic niche markets. According to LPPSLH this success is not only induced by economic incentives, but also by social incentives in place that consist of farmers working together based upon the principles of solidarity and sense of belonging.

The cooperatives are functioning according to their bylaws and internal accountability systems in at least one of them were used to replace the management committee when they are not performing. The cooperatives finance their annual general assemblies and increasingly become financially independent. However, they still require LPPSLH to fund routine certification and quality inspection, monitoring, and promotional activities. They also still rely on the market linkages created by LPPSLH, in particular through P3R, the business unit within LPPSLH.

##### **Public sector collaboration and policy influencing**

LPPSLH considerably improved its collaboration with the public sector and based upon the successes of the cooperatives it also increased its influence upon local governments since the baseline assessment in 2012.

It started its collaboration with two new districts with a memorandum of understanding and its relations with the first district improved due to a change of leadership in that district. Given the

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successes obtained until so far, other districts also gained an interest in collaborating with LPPSLH with funding coming from the CSR fund of a state-corporation.

The district Offices for Cooperatives and SMEs in the three districts have learned from LPPSLH's success in supporting cooperatives and the SPO is now perceived as an expert agent that can support local governments. The SPO also helped to change the negative perceptions these governments used to have with regards to NGOs.

Also the collaboration between the cooperatives and district officials has become more open and beneficial for both. Officials are regularly being invited at meetings of cooperatives and vice-versa and they take colleagues from other districts with them to visit the cooperatives. Apart from these, local governments have waived registration costs for the last two cooperatives; provided production tools; assisted in certification and; built a central processing unit for one of the coops. However LPPSLH is at the same time concerned that more intense engagement with the local governments may result in a negative backlash for the cooperatives: the cooperative that received support in the construction of the central processing unit was forced to pay unexpected additional costs to the government-appointed contractor and threatened that the construction process would stop if they refused to do so.

The cooperatives are invited to national and international events to promote crystal sugar as a local product and received several awards until so far, amongst which one by former President Yudhyono.

LPPSLH has successfully influenced local governments on two issues that are important for organic crystal palm sugar: In the first place they created the awareness amongst government officials to see crystal sugar as a potential export product from Indonesia and in consequence two of the three districts have changed their plans for small-scale district industries in favour of palm sugar as a priority product.

In the second place the three districts are now protecting the palms and coconuts used for the production of organic crystal sugar from an overuse of chemical fertilizer: the governments have campaigned to reduce the utilization of chemical fertilizer on other crops, such as rice, as contaminants could spill into the organic coconut plantation area. The organic certification, of which crystal sugar marketing depends upon, requires such rigorous standards.

In addition to these two issues, LPPSLH also managed to contribute to the district's government practice to provide for an insurance scheme for palm sugar farmers and tappers.

### **Private sector collaboration and policy influencing**

Generally speaking, there is no change compared with the situation the baseline. LPPSLH continues working with a palm sugar exporter company PT. Kampung Kearifan Indonesia (PT KKI), PT Big Tree Farm and PT ALM, however, there is no information on influence to private sector agencies' policies and practices.

Since 2013, LPPSLH's cooperation with a company that made available a CSR fund for the rehabilitation of the Nusakambangan forest ended and since then no new relations were established with private sector organisations. However in the future LPPSLH is likely to receive CSR funds from a state-corporation in a district that wants to create a sugar cooperative.

The SPO's parent foundation's business unit, *Pusat Pengembangan Produk Rakyat* (People's Product Development Center or P3R) is however engaging with the private sector. P3R was initiated in 1995 and is currently sourcing crystal palm sugar through the cooperatives (the cooperatives are free to sell to others buyers), who in turn receive a premium price. P3R's exports increased from 20 tons/month in 2012 to 90 tons/month in 2014 and the organisation is not the only exporter of premium crystal sugar.

The positive experiences of LPPSLH in the three districts also mobilise other CRS funding from private sector organisations in support of crystal sugar production. One example is that of a ceramic tile corporation supported the three districts in financing hygienic upgrades in the production of palm sugar.

**Score baseline 2012 on an absolute scale from 0-3: 2**

**Score end line 2014, relative change on a scale of (-2, +2): 2**

## 5.2.5 Civil Society Environment/Coping strategies

The social, political and economic environment in which civil society operates affects its room for manoeuvre. The civil society context has been described in Chapter 3. In this section we describe how LPPSLH has coped with the national and local context.

In mid-2014, the 2012 Law on Cooperatives was annulled through a Constitutional Court decision. This means that the law currently recognized is the predeceasing Law. No. 25/1992. To cope with this change, LPPSLH helped the cooperative administration to comply with the policy, although the change in legislation did not have a significant impact since they did implement schemes allowed under the annulled law.

More relevant to LPPSLH are the local dynamics and the relations between middlemen and farmers, which are explained in other sections. Also of relevance is the prominence of economic development on Indonesia's development agenda. The national government has implemented large initiatives like the Master Plan for Accelerating and Expanding its Economic (MP3EI) and local governments are also attempting to secure economic growth. Cooperative development is regarded as one of the ways through which the Indonesian economy can be developed. Local governments have a keen interest in supporting such initiatives. This is one of the reasons why LPPSLH has received such wide acknowledgement. There are however some potential negative impacts resulting from government support to LPPSLH's cooperatives due to the lack of transparency and potential corrupt practices in the implementation of government programs. LPPSLH has asked their field facilitators to pay more attention to such issues.

**Score baseline 2012 on an absolute scale from 0-3: 1**






**Score end line 2014, relative change on a scale of (-2, +2): 1**

## 5.3 To what degree are the changes attributable to the Southern partners?

This paragraph assesses the extent to which some outcomes achieved can be "attributed" to LPPSLH. Starting with an outcome, the evaluation team developed a model of change that identifies different pathways that possibly explain the outcome achieved. Data collection was done to obtain evidence that confirms or rejects each of these pathways. Based upon this assessment, the evaluation team concludes about the most plausible explanation of the outcome and the most plausible relation between (parts of) pathways and the outcome. The relations between the pathways and the outcomes can differ in nature as is being explained in table 6.

Table 10

*Nature of the relation between parts in the Model of Change*

Nature of the relation between parts and other parts or outcome	
The part is the only causal explanation for the outcome. No other interventions or factors explain it. (necessary and sufficient)	
The part does not explain the outcome at all: other subcomponents explain the outcomes.	
The part explains the outcome but other parts explain the outcome as well: there are multiple pathways (sufficient but not necessary)	
The part is a condition for the outcome but won't make it happen without other factors (necessary but not sufficient)	
The part is a contributory cause it is part of a 'package' of causal actors and factors that together are sufficient to produce the intended effect.	

Sources: Mayne, 2012; Stern et al, 2012

The following paragraph assesses LPPSLH's contribution to two outcomes. Each paragraph first describes the outcome achieved and the evidence obtained to confirm that the outcome has been achieved. It then presents the pathways identified that possibly explain the outcomes, as well as present information that confirms or refutes these pathways. The last section concludes in the first place about the most plausible explanation of the outcome, followed by a conclusion regarding the role of the SPO in explaining the outcome.

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The two outcomes that were selected are:

- Small-scale crystal sugar producers are organized into three operational and profitable cooperatives
- Improved sugar farmers position vis-à-vis middle-men

### 5.3.1 Outcome 1: Small-scale crystal sugar producers are organized into three operational and profitable cooperatives

This outcome represents an improvement in civil society 'level of organisation'. The indicators of this outcome are: cooperatives have a legal status and are acknowledged by the government and market actors; the number or trend of farmers being organised within the cooperatives; crystal sugar productivity, and; average profit received by each member (on a monthly basis). The latter indicator is included to show that improved level of organisation is beneficial for the marginalised sugar producers (the organisation helps defend their economic interests), and as such it is more likely to be sustainable.

Nira Satria cooperative was established on 23 December 2011 in Rancamaya village, Banyumas district, and legalized with a notary act. This is further confirmed by the Forum for Economic Development and Employment Promotion (FEDEP) Banyumas, and by project documents. Nira Satria has 1,070 members<sup>36</sup> with 1,044 certified producers in 9 villages<sup>37</sup>. Project reports and online information confirms that the production capacity for grade-A crystal coconut palm sugar by the cooperative in 2013 reached 90 tons/month. Given the production amount and the price at which one kilogram of sugar is purchased from the farmers and the price the same amount fetches on the premium market, the evaluation team estimates that each producer receives net profits of IDR 280,000 per month. This is 68 percent of what Indonesia considers to be the poverty line margin (IDR 407,000/month, BPS standards in 2013).

The second cooperative, Nira Perwira, was established in Purbalingga district on 11 June 2013, legalized through a notary act in July 2013. It has around 380 members in 5 villages, and has marketed 15 tons of sugar per month in 2014. It is estimated that each member receives a net profit of IDR 155,000/month (38 percent of poverty line margin). Nira Kamukten cooperative was established in Banjarnegara district on 30 April 2013 under direct supervision of the District Department of Industry, Trade and Cooperatives. It has 299 members and a similar production capacity to Nira Perwira.

The number of members of each cooperative has increased since they were established. Each cooperative has received an award or recognition from the government at national, provincial, or district level, as well as substantial media exposure.

#### *Causal pathways*

There are four possible pathways that may explain this outcome:

#### 1. Pathway 1: Product marketability

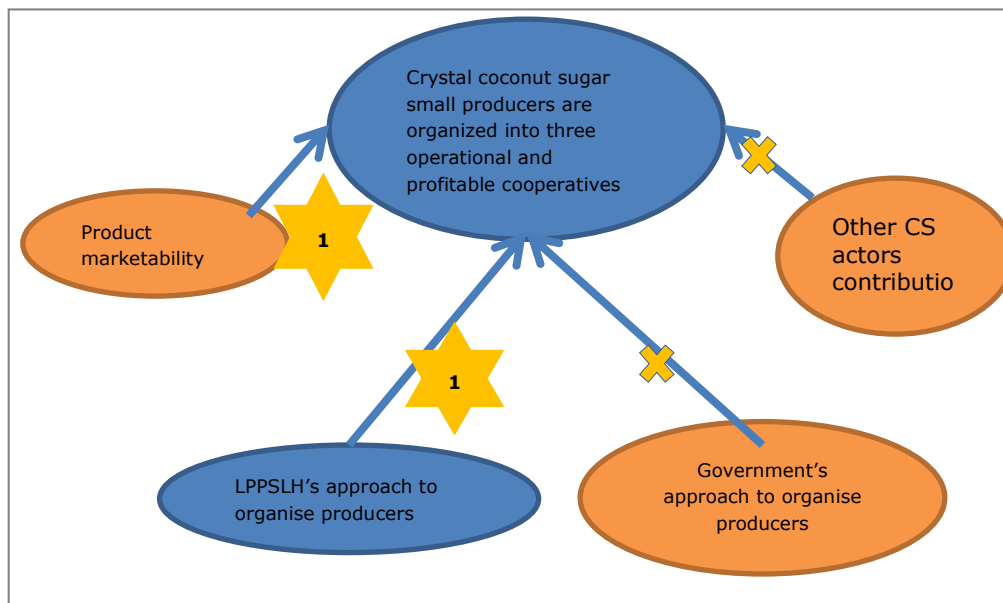
The marketability of crystal coconut palm sugar offers the producers clear prospect for profit, which is believed to be their main incentive in joining the cooperatives. This pathway explains the outcome by mainly external market factors. To reject this pathway, we need to prove that: the cooperatives were established before they were able to market their product; or that the cooperatives would still be operational even if the product is no longer marketable; or that its members have joined for other incentives other than financial profit.

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<sup>36</sup> Fedep Banyumas, Profil, "Koperasi Nira Satria". Available from <http://www.fedepbanyumas.com/index.php/profil/koperasi-nira-satria> (accessed 19 December 2014)

<sup>37</sup> "2012 Annual Report LPPSLH", LPPSLH, 2012





2. Pathway 2: LPPSLH's approach to organise producers  
LPPSLH's approach is characterized by intensive accompaniment, linkage to market, and inclusion of middlemen in the cooperatives. This pathway is in direct opposition to pathway 3 and 4, which together represent the influence and interventions of external actors as contributing to the outcome's achievement. To reject this pathway, we need to find evidence that without LPPSLH's approach, the outcome would still be achieved.
3. Pathway 3: Government's approach and intervention to organise producers  
As an antithesis for pathway 2, the government's approach is characterized by a lack of intensive accompaniment, no linkage to market, and the exclusion of middlemen. To reject this pathway, we need evidence that the government's approach has not been successful in any of the three districts and that the government has not approached or supported LPPSLH's cooperatives (Nira Satria, Nira Perwira, Nira Kamukten).
4. Pathway 4: Other CS actors' contribution  
This pathway anticipates the role of external actors which could be critical to the outcome achievement, regardless of pathway 2 and 3. To reject this pathway, we need to find that without the intervention of CS actors the outcome would still be achieved.

Information that confirms or rejects the pathways:

Pathway 1: Product marketability

Information that *confirms* pathway 1:

Various sources (LPPSLH, government, cooperative, media coverage) report that the premium price of crystal sugar has been attracting more producers to process coconut palm sugar syrup into crystal sugar instead of traditional cast sugar. As such, members have joined the cooperatives to gain knowledge, benefit from quality control and assistance, gain market access, and to be supported by production facilities. These elements are all needed to ensure that their product meets premium market standards. If premium price was not significant (crystal coconut sugar is no longer marketable), cooperative members would likely turn back to producing traditional cast sugar instead of crystal sugar, and traditional cast sugar producers would be less interested in joining cooperatives because it requires extra efforts from both women and men to produce crystal sugar.

LPPSLH began experimenting with the production of crystal sugar prior to 2009, but was unable to attract producers to join a cooperative structure. It was only in 2009, that they were able to link with the premium organic market. The first crystal sugar cooperative (Nira Satria) was established two years after that event, indicating the importance of premium market access and the higher prices offered as being a strong motivating factor behind joining cooperatives.

Information that *rejects* pathway 1: none

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### Pathway 2: External market factors explain the change

Information that *confirms* pathway 2:

Various sources (districts government, cooperatives, and media) acknowledge that without LPPSLH's accompaniment, the outcome would not be achieved. As an expression of acknowledgment, neighbouring Cilacap district government has requested LPPSLH to conduct similar interventions, applying their approach in the district, as they have failed to adopt a successful model themselves. In contrast, CV Inagro Jinawi, a private sector actor founded in 2010 by a former LPPSLH staff member, has successfully replicated the LPPSLH approach and model.

According to LPPSLH's management, the SPO only works with a few other NGOs in providing assistance to cooperatives. These organizations include Penabulu and Agriterro who provide financial management training for Nira Satria. In the districts were Nira Perwira and Nira Kamukten are active, there are almost no other CS actors. As such, the establishment of all three cooperatives should be attributed to LPPSLH.

Information that *rejects* pathway 2: none

### Pathway 3: Government's approach and intervention to organise producers

Information that *confirms* pathway 3:

Purbalingga and Banjarnegara district governments have supported the establishment of Nira Perwira and Nira Kamukten (specifically in fulfilling administrative and government requirements) cooperatives in 2013, but did not provide such assistance when Nira Satria cooperative was established in 2011.

Information that *rejects* pathway 3:

The government only provided support to cooperative establishment in two of the three districts. This demonstrates that government support is not necessary. In fact, the Purbalingga and Banjarnegara district governments began providing support because they acknowledge the success of Nira Satria. Neighbouring district Cilacap has failed in their own efforts to support crystal sugar cooperatives. They have requested LPPSLH's assistance. This indicates that the government has not been able to develop a successful model on its own.

### Pathway 4: Other CS actors' contribution

Information that *confirms* pathway 4: none

Information that *rejects* pathway 4:

All confirming evidence for pathway 2 (LPPSLH's approach to organise producers to explain the outcome) automatically rejects this pathway. As such, there is no evidence that without other CS actors' contribution the outcome would not be achieved.

## **Conclusions**

Based on an analysis of the evidence confirming or rejecting different pathways, it can be concluded that product marketability is a *necessary* factor for the outcome. But without interventions to organise crystal coconut palm sugar producers, this pathway itself would not be *sufficient*. LPPSLH's mode of approach is *necessary* for the outcome, but is not *sufficient* as it can only be effective with pathway 1. This means that both pathways are parts of a causal package that together are sufficient to produce the intended effect.

There is no evidence that the government has provided significant support to all three cooperatives or that it has developed a successful model elsewhere. There is also no evidence that without other CS actors' intervention the outcome would not have been achieved. Thus, pathways 3 and 4 do not explain the outcome.

To achieve these outcomes, the role of LPPSLH has been very important. They have created the market outlet, have supported farmers to create and manage the cooperatives and have ensured that an internal quality control system is in place within the cooperatives to ensure the premium quality of the crystal sugar.

### 5.3.2 Outcome 2: Improved position of coconut palm sugar farmers vis-à-vis middlemen

A second outcome achieved is that those farmers that produce crystal sugar have improved their bargaining position vis-à-vis their middlemen with whom they do business for cast sugar. This outcome contributes to 'civic engagement'.

The achievement of this outcome was confirmed by LPPSLH, cooperative members, cooperative staff, middlemen who have become cooperative members, as well as middlemen outside the cooperative. In the old situation, farmers were trapped in non-transparent price setting practices and into a system monopolized by middlemen.

#### Causal Pathways

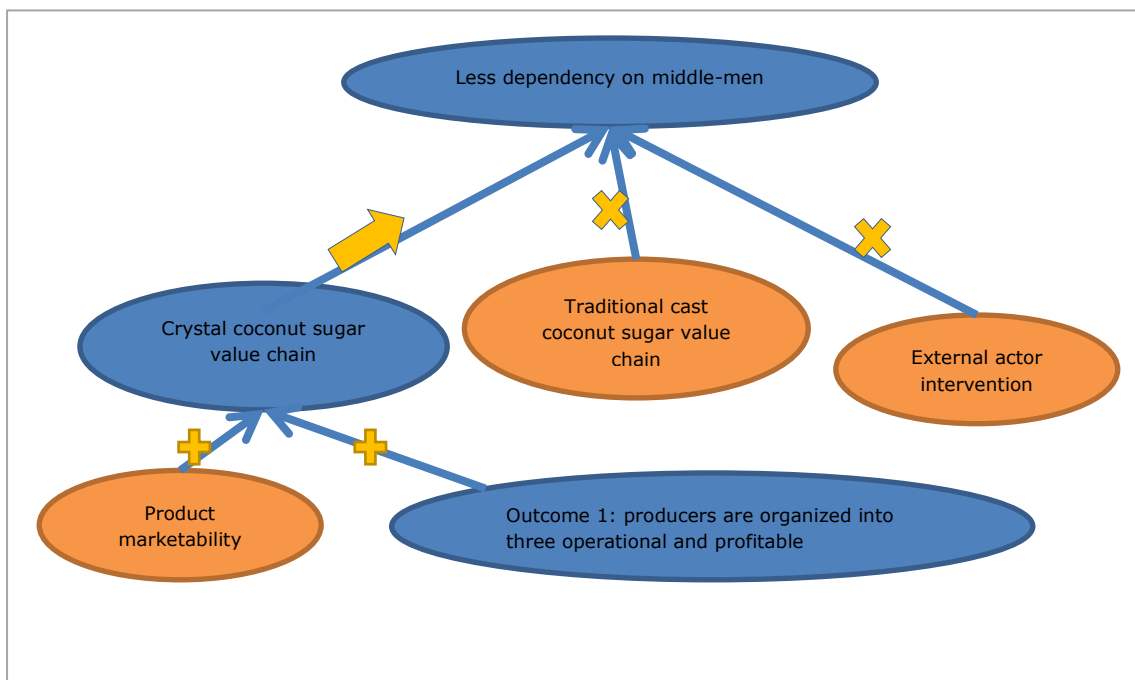
There are three possible pathways that may explain this outcome:

Pathway 1: Crystal coconut palm sugar value chain

Due to the premium market prices for crystal sugar premium and the organization of around 1,750 small crystal sugar producers into three operational cooperatives farmers have better incomes, reduced debt, or improved marketing options. As such, this pathway specifically positions LPPSLH's contribution in outcome 1 (organising farmers into cooperatives) and product marketability as the explaining causes. To reject this pathway, we need to find evidence that the crystal sugar value chain has not led to increased incomes, reduced debt, or better options for farmers.

Pathway 2: Traditional cast coconut palm sugar value chain.

This pathway challenges pathway 1 by stipulating that the traditional value chain of cast sugar (as opposed to LLPSLH's crystal sugar) itself could have improved the conditions of farmers, making them less dependent on middlemen. To reject this pathway, we need to find evidence that the traditional value chain is not preferred by farmers because it does not offer benefits like debt reduction, price



transparency, or reduced monopoly practices.

Pathway 3: External actors' interventions

This pathway explores the probability that external actors have intervened to reduce producers' debts, promote market transparency, or reduce monopoly practices. To reject this pathway, we need to find evidence that without other the interventions of other actors, the outcome would still be achieved, or that such interventions do not exist.

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Information that *confirms or rejects the pathways*:

Pathway 1: Crystal coconut palm sugar value chain explains decreased dependency upon middlemen

Information that *confirms* pathway 1:

The Head of District Department of Industry, Trade and Cooperatives in Banjarnegara reported that Nira Kamukten cooperative members are now in a better position vis-à-vis middlemen, as they now have an option to sell their product to the cooperative. She also added that indebted farmers have the freedom to choose how they process and sell their products.

From the perspective of the producers, it was found that reluctance to pay off debts did not necessarily stem from a lack of financial capacity, but rather from the lack of other options. Now with a better value chain to choose from, farmers stated that their preference for the crystal value chain hinges on better profitability and transparency and non-monopolized practices.

From the perspective of middlemen who choose to join the new value chain, it was found that the traditional value chain created problems not only for farmers but for middlemen themselves. In the traditional value chain, middlemen provide many loans and have problems ensuring debt is repaid, affecting their cash flow. Middlemen who have decided to join the cooperative say that the benefit of better cash flow/liquidity motivated their decision.

Non-member middlemen confirmed that farmers have broader options, as they can choose to sell their product to them or to the cooperative. They also reported a decreased supply (in terms of quantity) of cast sugar since more farmers choose to invest their resources into producing the more lucrative crystal form of sugar. They reported that they considered joining the cooperative to accommodate the preference of the farmers.

The evaluation team also found that cooperative members now have better capacity to pay off their debt to the middlemen using the profit from crystal sugar production. As such they are no longer obligated to sell the sugar they produce to middlemen (at prices fixed by middlemen) as a form of debt repayment.

Regarding the causes that explain this pathway, it was found that the success of the crystal sugar value chain is dependent on the premium price difference. If crystal forms of sugar no longer fetch better prices, farmers will turn to the traditional cast sugar value chain since fewer inputs are required, in particular manpower. It is also clear that without the cooperative organisation (outcome 1), farmers would be unable to produce marketable products (according to premium standards) or access external, export markets.

Information that *rejects* pathway 1:

According to Nira Perwira's management, not all farmers have fully converted to crystal sugar. This is due to several reasons such as limited resources (manpower) and the social and kinship nature of the relations they have with cast sugar middlemen.

Pathway 2: Traditional cast coconut palm sugar value chain explains decreased dependency upon middlemen

Information that *confirms* pathway2:

Rejecting evidence for pathway 1 (crystal sugar value chain) automatically confirms this pathway.

Information that *rejects* pathway 2:

All confirming evidence for pathway 1 automatically rejects that the dependency on middlemen can be reduced through the traditional cast sugar value chain.

Pathway 3: External actors' interventions explain decreased dependency upon middlemen

Information that *confirms* pathway 3: none

Information that *rejects* pathway3:

LPPSLH only works with few NGOs in providing assistance to their cooperatives, namely Penabulu and Agriterro who provided financial management training to Nira Satria. For Nira Perwira and Nira Kamukten, LPPSLH confirmed through the evaluation workshop that there are no other CS actors involved. Moreover, media coverage has exclusively mentioned LPPSLH and Hivos' support as being the driving factors for the cooperative's success.

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**Conclusion:**

Pathway 1 provides a *necessary and sufficient* explanation for the decreased dependency of farmers from their middlemen: without the existence of the crystal sugar value chain, the farmers would still be dependent on middlemen and their old practices. The evidence shows that the new value chain offers a rather peaceful solution for both producers and middlemen. Important preconditions that need to be in place for farmers to start producing crystal sugar and hence become independent are the following: in the first place farmers need to avail of the necessary manpower for the premium market product which is labour intensive and their social and kinship relation with the cast sugar middlemen needs to allow for this change in product. In the second place farmers will turn to crystal sugar production if the difference of the premium price to the price of regular cast sugar is significant enough. A third precondition is the capacity of producers to collaborate in a cooperative structure that ensures the product quality.

Pathway 2 does not explain the outcome and the monopoly position of middlemen can only be broken by the creation of alternative value chains. Pathway 3 also does not explain the outcome because the evaluation team did not find any evidence that other actors contributed significantly in creating an alternative value chain or in decreasing the dependency on middlemen.

LPPSLH's role in achieving this outcome is the same as mentioned under outcome one, and no other actors are known to have contributed to this outcome achieved regarding the relation between middlemen and farmers.

## 5.4 What is the relevance of these changes?

### 5.4.1 Relevance of the changes in relation to the Theory of Change of 2012

The goals identified in LPPSLH's Theory of Change (ToC) in 2012 were: 1) sustainable agriculture to build farmers' self-reliance and food sovereignty, 2) improved access and control towards economic resources through micro and small business, and 3) organisational development that makes farmer's organisations independent. The achievements booked since the baseline are in line to these goals in the ToC. The model propagated by LPPSLH is one based on sustainable business development practices that promote organic products and traceability. In essence, LPPSLH has provided services to cooperatives to develop business models for crystal sugar commodities. As described in the previous sections, the cooperatives are becoming more self-reliant although there is still a dependency on LPPSLH. Cooperative members have a better socio-economic position as evident from increased earnings and less dependency on middlemen.

A number of strategies were also identified to achieve the goals of the Theory of Change. Not all of these strategies have been applied. For instance, there is little evidence of concrete efforts to enhance the awareness amongst farmers that would allow them to demand their rights and enhance their participation in the political economy. This element in the ToC has proven to be rather ambitious, especially given LPPSLH's prioritization of creating a more sustainable market and the lack of attention to policy change. What is evident is that community organising has been critical to the achievement of outcomes by LPPSLH. The strategies applied for this have included direct accompaniment, training, improvement of product quality, development of a participatory quality management system, and a diversification of sugar products.

### 5.4.2 Relevance of the changes in relation to the context in which the SPO is operating

Over the years the contribution of Indonesia's agricultural sector to the country's gross domestic product (GDP) has declined significantly. At current levels, agriculture contributes to around 14-15

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percent of the GDP<sup>38</sup>, the third largest sector behind industry and services<sup>39</sup>. Although the agriculture has grown at a slower pace than other sectors, it still provides income and employment for 34 percent<sup>40</sup> of Indonesia's households. The agricultural sector is dominated by large plantations and smallholders.

Self-sufficiency is high on the agenda of the Government of Indonesia, especially for crops such as soy beans, sugar, rice and corn<sup>41</sup>. The government has invested in programs aiming to raise the production of smallholders, but it is uncertain whether self-sufficiency will be reached. This presents favourable conditions for interventions in the sugar sector<sup>42</sup>.

Coconut palm sugar production is the dominant domestic industry in the districts where LPPSLH intervenes. In Purbalingga, for example, the palm sugar industry represents 50 percent of the small enterprise workforce with close to 42,000 labourers<sup>43</sup>. The main source of income of households in the region is from sugar production. Income from palm sugar has traditionally been used to meet daily needs. The value chain of traditional cast sugar production involves sugar producers, tree owners and collectors or middlemen. Middlemen often also own the trees tapped by the producers and have complex stratified relations with larger middlemen. Prior to the interventions, coconut palm sugar producers relied more heavily on their relations with middlemen to cover the costs of production and basic necessities. Both men and women are involved in the production process of turning sap into sugar, while men generally are responsible for taking the sap from the trees.

LPPSLH's interventions have deliberately worked to create a new marketing chain rather than cutting out the middlemen. From the data and information gathered in the evaluation process, this approach has been successful. Small-scale producers rely less on middlemen and are able to earn better incomes and are able to generate savings.

However, it is understandable that the impact is still limited. Based on data from the Banyumas Disperindagkop, the palm sugar industry comprises 74 percent of total small-medium enterprises in the district (Banyumas), involving 110,000 workers and 28 cooperatives. Nira Satria, the most successful LPPSLH cooperative, only has around 1,000 members, which is less than 1 percent of the workforce involved in the palm sugar industry of the district.

#### 5.4.3 Relevance of the changes in relation to the policies of the MFS II alliance and the CFA

The interventions of LPPSLH fall under the Green Entrepreneurship program focus of Hivos. This program area, Hivos' largest globally, focuses on "enterprising men and women as catalysts for green socio-economic progress"<sup>44</sup>. According to Hivos, LPPSLH contributes to improved capacity of farmer organisations that in turn lead to improved economic positions of small producers and increase rural outreach<sup>45</sup>. Small producers are considered to be marginalised groups with weak negotiating power and a lack of opportunities to improve production processes. In Hivos' 2008 Vision Paper on Civil Society Building, Hivos states that, "In the economic domain it is civil society's role to counterbalance short-term profit policies, and to struggle for long term production policies which are socially and

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<sup>38</sup> World Bank, Data, "Agriculture, value added (% of GDP)". Available from <http://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?page=1> (accessed 20 December 2014)

<sup>39</sup> Index Mundi, Factbook, Countries, Indonesia, "Indonesia Economy Profile 2014". Available from [http://www.indexmundi.com/indonesia/economy\\_profile.html](http://www.indexmundi.com/indonesia/economy_profile.html) (accessed 20 December 2014)

<sup>40</sup> Sudaryanto, Tahlim. 2014. *The Frame of Agricultural Policy and Recent Major Agricultural Policies in Indonesia*. FFTC Agricultural Policy Database. Taiwan. 2 July. Available from [http://ap.fttc.agnet.org/ap\\_db.php?id=256](http://ap.fttc.agnet.org/ap_db.php?id=256) (accessed 20 December 2014)

<sup>41</sup> Ibid

<sup>42</sup> Global Business Guide Indonesia, Agriculture, "Opportunities in Indonesia's Downstream Sugar Industry", 2013. Available from [http://www.gbgindonesia.com/en/agriculture/article/2013/opportunities\\_in\\_indonesia\\_s\\_downstream\\_sugar\\_industry.php](http://www.gbgindonesia.com/en/agriculture/article/2013/opportunities_in_indonesia_s_downstream_sugar_industry.php) (accessed 20 December 2014)

<sup>43</sup> Investor & Pialang, Sectoral, Agriculture, "Purbalingga-Hivos Tingkatkan kesejahteraan Produsen Gula Kelapa", 23 May 2013. Available from <http://investorpialang.com/read-news-4-13-4192-purbalingga-hivos-tingkatkan-kesejahteraan-produsen-gula-kelapa.investor.pialang> (accessed 20 December 2014)

<sup>44</sup> "Hivos Business Plan 2011-2015", Hivos, 2010

<sup>45</sup> "Evaluation Questionnaire", Hivos, December 2014

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environmentally sound.<sup>46</sup> As such, Hivos supports activities related to market participation since it contributes to fairer economic relations.

One of the motivations for Hivos' support to LPPSLH was its focus on sustainable agriculture and women's empowerment<sup>47</sup>, although the results of the latter are vague. The changes that Hivos considers to be of importance are the improved enabling environment for entrepreneurship that has been made possible through business development services to farmers, ensured by LPPSLH.<sup>48</sup>

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<sup>46</sup> "Hivos Vision Paper: Civil Society Building 2008", Hivos, 2008, p. 9

<sup>47</sup> Kenschets LPPSLH

<sup>48</sup> "Hivos 2013 Annual Report MFS II", Hivos, 2013

## 5.5 Explaining factors

### 5.5.1 Internal factors

In 2013, Hivos assessed the capacity of LPPSLH using the five capacities framework. The assessment scored the core capacities of LPPSLH, with most areas receiving respectable scores of 7 or 8 (9 being the maximum). The following table presents an overview of the scores:

**Table 11**  
*Hivos' assessment of LPPSLH against the 5C framework.*

Capacity	Description	Score
<b>5 Cs</b>		
1	The capability to act and commit	Mean score of 7.3
1.1	The organisation has a clear purpose and acts on decisions collectively. The leadership is accepted by staff, inspiring, action-oriented and reliable.	8
1.2	The organisation is capable to mobilise sufficient financial resources, and (where relevant) non material resources from members/ supporters.	7
1.3	The organisation is internally transparent and accountable. (Relations between staff, direction and board; quality of decision-making process)	7
2	The capability to perform	Mean score of 6.75
2.1	The number, composition and expertise of staff is adequate in view of the organisation's objectives and programmes. (Indicate when there is high staff turnover)	7
2.2	The organisation has a coherent and realistic strategic plan. (Context and problem analysis; Theory of Change; quality of formulation of objectives, intended results and indicators; explanation of strategic choices)	7
2.3	The quality of financial and administrative management is adequate. (Budget, funding plan, financial management, financial report)	7
2.4	The organisation has an appropriate monitoring and evaluation process (documentation & data collection, involvement of stakeholders, quality of analysis and learning) and uses it for accountability and learning purposes.	6
3	The capability to relate	Mean score of 8
3.1	The organisation maintains relevant institutional relationships with external stakeholders and is seen as credible and legitimate. (Indicate main strategic relationships and collaboration with other actors)	8
3.2	The organisation is accountable to and communicates effectively with its primary constituents/ beneficiaries. (Describe downward or horizontal accountability process; specify for women)	8
4	The capability to adapt and self-renew	Mean score of 6.5
4.1	The organisation (management) responds adequately to trends and changes in the context and uses up-to-date strategies and knowledge.	7
4.2	The organisation (management) encourages and supports internal learning and reflection processes. (Conditions, incentives)	6
5	Capability to maintain consistency	Mean score of 7
5.1	The organisation is capable to maintain consistency between ambition, vision, strategy and operations. The management is able to deal strategically with external pressure and conflicting demands.	7
<b>Gender</b>		
Quality 1	To what extent has the organisation formulated objectives with regard to the position of women and issues of gender equality?	7
Quality 2	To what extent does the organisation have internal gender expertise?	7
Quality 3	To what extent does the organisation maintain relations with key GW&D actors in its context, e.g. women's movement, women's organisations, gender experts?	7

Source: Hivos Partner Capacity Assessment Form 2013

LPPSLH scores highest in the 'capability to act and commit' and 'capability to relate'. The lowest scores are in the capability to 'adapt or self-renew'. The findings of the evaluation confirm that these scores are justifiable. LPPSLH staff admit that they are still weak in their ability to monitor and evaluate and lack the ability to document lessons learned. However, as explained in Section 5.5.3 below, the evaluation did not find sufficient evidence of LPPSLH's capacity in the area of gender.

The success of Nira Satria, the first sugar cooperative set up by LPPSLH, has become a model for other interventions. With a high level of recognition from the government and farmers themselves,



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LPPSLH has been able to replicate the model in other areas, especially since there are clear benefits for both the community and government. LPPSLH has facilitated peer-exchange visits between cooperatives as a means to promote farmer-to-farmer learning. Unfortunately, LPPSLH staff have limitations in their ability to record and document their success. Without these capacities, further support and funding is limited to actors in the target districts who mostly hear about LPPSLH's interventions by word of mouth.

A critical factor explaining the outcome and the changes in civil society is the LPPSLH model. Unlike government forms of assistance, LPPSLH provides intensive community accompaniment during all stages of implementation, from the establishment of the cooperative to day-to-day administration. This has been the reason why LPPSLH has been more successful than public-sector driven interventions. This form of accompaniment requires staff to be highly motivated and a high degree of idealism and belief in the principles of community empowerment. LPPSLH's staff have been able to relate with the conditions of the rural and less-educated sugar producers.

Through P3R, the economic business unit of LPPSLH, the SPO has been one of the factors behind the success of the model. Buyers looking for crystal coconut palm sugar are able to contact P3R to place orders. P3R plays an important role in linking potential buyers to the smallholders organised through the cooperatives set up by LPPSLH.

### 5.5.2 External factors

Administrative changes at the district level have been a positive factor in support for LPPSLH. In Banjarnegara district, elections led to a new dominant party in the district's leadership. The party that is backing the new head of district comes from the Indonesia Democratic Party of Struggle (PDIP) fraction, a party that has been known for its support to the agricultural sector. The district head is also more approachable than his predecessor, especially since he comes from the same party fraction as the governor who has closer relations with LPPSLH's network.

As described in other sections, LPPSLH's model of intervention depends on premium market valuation of crystal sugar. Up until now, the premium price offers significant profit incentives for the farmers as the demand for the product is still very high, and the premium price has not been very volatile. However, it will be interesting to see how LPPSLH's model would cope if premium export prices dropped and profit margins would be less or equal to traditionally processed sugar market price for a long period. Traditional cast coconut palm sugar prices vary between IDR 5600 – IDR 12.000<sup>49</sup>, while crystal coconut palm sugar are of less volatile range between IDR 11.000<sup>50</sup> – IDR 25.000<sup>51</sup> per-kilogram.

### 5.5.3 Relations CFA-SPO

Hivos sees its role as providing input on program development, funding activities, facilitating linkages to other players and monitoring<sup>52</sup>. Hivos has been enthusiastically engaged in the project, as seen from their involvement in signing a tripartite MoU in Banjarnegara. Hivos has received good coverage and exposure in print and electronic media and has been recognized for its support to LPPSLH.

While Hivos has previously supported LPPSLH under a gender thematic focus and has claimed better gender mainstreaming practices, LPPSLH does not implement targeted interventions for men and women. Nonetheless, the development of a product chain for organic coconut palm sugar has been a

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<sup>49</sup> Republika Online, "Harga Anjlok, Perajin Gula Kelapa Kelimpungan", 24 February 2014. Available from <http://www.republika.co.id/berita/nasional/daerah/14/02/24/n1hr9-harga-anjlok-perajin-gula-kelapa-kelimpungan> (accessed 21 December 2014)

<sup>50</sup> Radar Banyumas, "Gula Semut Masuki Pasar Ekspor", 28 August 2014. Available from <http://www.radarbanyumas.co.id/gula-semut-masuki-pasar-ekspor/> (accessed 21 December 2014)

<sup>51</sup> Pamuji Trinastiti, "Turki Pesan Gula Semut Dari Jawa Tengah 200 Ton Per Bulan", *Bisnis.com*, 13 September 2013. Available from <http://industri.bisnis.com/read/20130913/12/162760/turki-pesan-gula-semut-dari-jawa-tengah-200-ton-per-bulan> (accessed 21 December 2014)

<sup>52</sup> "PARTNER CAPACITY ASSESSMENT FORM LPPSLH 1007811 2013", Hivos, 2013, p. 7

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Hivos priority<sup>53</sup>. LPPSLH has benefitted from Hivos' support since 2008, and this long-term support is one of the reasons why LPPSLH's interventions now have resulted in economic and social benefits.

According to Hivos the MFS funds allowed for support to be provided to improve the organisational capacity of CS actors. In its agreement with LPPSLH, one of the indicators for success was improved capacity of LPPSLH to manage earned incomes. Unfortunately, in the reports there was no mention of how Hivos or other organisations have supported internal capacity improvements of LPPSLH. A capacity assessment undertaken in 2013 (See 5.5.1) did report an augmentation in all of the SPO's capacity areas.

Hivos has also facilitated LPPSLH's linkage to other organisations through Agri-ProFocus Indonesia, an open network that promotes farmer entrepreneurship and business linkages. Because Agri-Profocus was established in 2013, it may be too early to say how LPPSLH will benefit from this wider network. Of note is that Hivos' 2013 Annual Report for MFS II mentions that Unilever Indonesia has agreed to support the scale-up of small-scale coconut production in the area of quality standards, cost reduction and productivity<sup>54</sup>, as a result of Hivos' own initiative. Other areas where Hivos intended to provide support are in developing a quality management system through ICS and in introducing cleaner production facilities and cook stoves. In both of these areas there is an improvement, although the introduction of cleaner production facilities was also supported by the local government.

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<sup>53</sup> "Annual MFS II Report Hivos 2012", Hivos, 2012, p. 20

<sup>54</sup> "Annual MFS II Report Hivos 2013", Hivos, 2013, p. 26

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## 6 Discussion

### 6.1 Design of the intervention

Overall the design of LPPSLH's intervention was found to be sufficient; although the performance indicators agreed upon on the contract between the CFA and the SPO did not all fit well within the logical framework. Notwithstanding, actual work on the ground by LPPSLH was guided by a clear organisational direction and ideas of what results they wished to attain.

There was also a lack of clarity as to how support in the 2011 -2013 period built upon preceding interventions that focused on women's participation in sugar production. In fact, there were no specific interventions targeting women in the project design.

There were also weaknesses in how the performance of the value chains was measured. This is arguably a crucial element of successfully managing business development, even at the small-scale farmer level. Additionally, organic certification of crystal palm sugar requires traceability making this kind of monitoring even more important. In hindsight the SPO would have benefited from a computerized information technology system for improved product traceability. Hivos works with a number of organisations in the area of ICT, and it is unfortunate that no linkages were created with such organisations.

LPPSLH's ToC had an implicit assumption that unfair markets are the cause of structural poverty. While the SPO successfully developed closer relations with the government, and as a result, an insurance scheme has been initiated by the government in collaboration with a provincial government-owned bank (Bank BPD Central Java). While LPPSLH's model has seemingly influenced the prioritization of sugar in agricultural development plans at the district level, the project would have benefited from clearer actions to influence and assist the formulation of such plans. This would help to ensure that successful models are fed back into policy development and that an enabling environment helps to sustain the improved conditions of sugar producers.

LPPSLH itself has shown that it is capable to replicate the model of creating cooperatives of palm sugar farmers in other districts, as well as a former staff of LPPSLH. Efforts of the Cilacap district to put in place a similar structure however failed (reasons unknown).

Important conditions that need to be in place are the existence and access to premium markets, a project duration of some 3 to 4 years and organisational competences needed. Apart from these, the management of the relations between middle-men and small scale coconut palm sugar producers is another key factor for success.

## 7 Conclusion

Since the baseline, LPPSLH has contributed to changes in the organisation and position of small producers. Organised through three cooperatives, sugar producers have been able to benefit through the diversification of coconut sugar products and the creation of an alternative value chain. This in turn has brought benefits to some 1,749 (2013) farmers in terms of improved income generation and less dependency on middlemen who controlled the traditional value chain. The success of LPPSLH's model hinges on the ability to provide intensive accompaniment and access to profitable export markets for crystal sugar. Rather than cutting out the middlemen in the value chain, LPPSLH has introduced alternatives for sugar producers.

The cooperative model itself offers an opportunity for farmers to be involved in decision-making since institutionally they are independent of LPPSLH. More support is probably needed to make the cooperative fully self-reliant, but this makes good sense since two of the cooperatives were officially established in 2013. Notwithstanding, there is general satisfaction amongst beneficiaries of the benefits they now enjoy as cooperative members.

LPPSLH's approach has garnered significant interest and acknowledgement at the district as well as the national level. The cooperatives LPPSLH helped establish have been recognized for their sustainable business practices and farmer-based initiatives through a number of awards. A number of actors have begun to replicate the production and marketing of crystal coconut sugar. Neighbouring districts, like Cilacap have also taken a keen interest and have requested LPPSLH's assistance after their own interventions failed to generate the same level of success. Although the interventions of LPPSLH did not touch upon direct policy influence, they have influenced the government's attitudes towards coconut sugar, which is now seen as a viable agricultural product worth prioritizing. Organisationally, LPPSLH has been able to capitalize on government interest, generating more public sector funding and support for its coconut sugar program. In addition, there has been an emergence of more private sector actors in the area of crystal coconut sugar production.

These changes, particularly the replication of Nira Satria's success to two other districts can be attributed to Hivos and MFS II support. As a result, more sugar producers now have an opportunity to improve their socio-economic conditions. Overall the interventions and results achieved are relevant to the context in which the SPO is operating, as well as to the organisational visions and missions of both LPPSLH and Hivos. Small scale coconut sugar producers now have better relations with public sector actors and are in a better position with the introduction of new means of production and access to markets.

Table 12

*Summary of findings*

When looking at the MFS II interventions of this SPO to strengthen civil society and/or policy influencing, how much do you agree with the following statements?	Score
The CS interventions were well designed	7
The CS interventions were implemented as designed	7
The CS interventions reached their objectives	7
The observed outcomes are attributable to the CS interventions	7
The observed CS outcomes are relevant to the beneficiaries of the SPO	8

Score between 1 to 10, with 1 being "not at all" and 10 being "completely".

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## Resource persons consulted

Name of key informant	Organisation	Function in organisation	Relation with SPO	Contact details including e-mail.
Bangkit Ari Sasongko	LPPSLH	Director	Staff	bangkit29@gmail.com
Kukuh Haryadi	LPPSLH	Program Manager	Staff	kharyadi75@gmail.com
Tri Hadiyanto			Staff	
Andy Yunanto		Manager	Staff	
Sakun Ahmad Saroni				
Agus Riyanto	Disperindagkop Banjarnegara	Industry Division Head	Government	
Agus Wiguno	Bappeda Banjarnegara		Government	
Ratmoko	Disperindagkop Cilacap	Industry Division Head	Government	
Aswin Misro	Nira Perwira	Member	IO Farmer Non Beneficiary	085777768176
Wahini	Nira Perwira	Treasurer	IO	082136143115
Samsu	Nira Perwira	Chief	IO	085726799272
Suratman			Middleman Non Beneficiary	
	CV P3R	Director		

# Appendix 1 CIVICUS and Civil Society Index

CIVICUS, the World Alliance for Citizen Participation is an international alliance of members and partners which constitutes an influential network of organisations at the local, national, regional and international levels, and spans the spectrum of civil society. It has worked for nearly two decades to strengthen citizen action and civil society throughout the world. CIVICUS has a vision of a global community of active, engaged citizens committed to the creation of a more just and equitable world. This is based on the belief that the health of societies exists in direct proportion to the degree of balance between the state, the private sector and civil society.

One of the areas that CIVICUS works in is the Civil Society Index (CSI). Since 2000, CIVICUS has measured the state of civil society in 76 countries. In 2008, it considerably changed its CSI.

## 1. Guiding principles for measuring civil society

*Action orientation:* the principal aim of the CSI is to generate information that is of practical use to civil society practitioners and other primary stakeholders. Therefore, its framework had to identify aspects of civil society that can be changed, as well as generate knowledge relevant to action-oriented goals.

*CSI implementation must be participatory by design:* The CSI does not stop at the generation of knowledge alone. Rather, it also actively seeks to link knowledge-generation on civil society, with reflection and action by civil society stakeholders. The CSI has therefore continued to involve its beneficiaries, as well as various other actors, in this particular case, civil society stakeholders, in all stages of the process, from the design and implementation, through to the deliberation and dissemination stages.

This participatory cycle is relevant in that such a mechanism can foster the self-awareness of civil society actors as being part of something larger, namely, civil society itself. As a purely educational gain, it broadens the horizon of CSO representatives through a process of reflecting upon, and engaging with, civil society issues which may go beyond the more narrow foci of their respective organisations. A strong collective self-awareness among civil society actors can also function as an important catalyst for joint advocacy activities to defend civic space when under threat or to advance the common interests of civil society vis-à-vis external forces. These basic civil society issues, on which there is often more commonality than difference among such actors, are at the core of the CSI assessment.

*CSI is change oriented:* The participatory nature that lies at the core of the CSI methodology is an important step in the attempt to link research with action, creating a diffused sense of awareness and ownerships. However, the theory of change that the CSI is based on goes one step further, coupling this participatory principle with the creation of evidence in the form of a comparable and contextually valid assessment of the state of civil society. It is this evidence, once shared and disseminated, that ultimately constitutes a resource for action.

*CSI is putting local partners in the driver's seat:* CSI is to continue being a collaborative effort between a broad range of stakeholders, with most importance placed on the relationship between CIVICUS and its national partners.

## 2. Defining Civil Society

The 2008 CIVICUS redesign team modified the civil society definition as follows:

*The arena, outside of the family, the state, and the market – which is created by individual and collective actions, organisations and institutions to advance shared interests.*

*Arena:* In this definition the arena refers to the importance of civil society's role in creating public spaces where diverse societal values and interests interact (Fowler 1996). CSI uses the term 'arena' to describe the particular realm or space in a society where people come together to debate, discuss, associate and seek to influence broader society. CIVICUS strongly believes that this arena is distinct from other arenas in society, such as the market, state or family.

Civil society is hence defined as a political term, rather than in economic terms that resemble more the 'non-profit sector'.

Besides the spaces created by civil society, CIVICUS defines particular spaces for the family, the state and the market.

*Individual and collective action, organisations and institutions:* Implicit in a political understanding of civil society is the notion of agency; that civil society actors have the ability to influence decisions that affect the lives of ordinary people. The CSI embraces a broad range of actions taken by both individuals and groups. Many of these actions take place within the context of non-coercive organisations or institutions ranging from small informal groups to large professionally run associations.

*Advance shared interests:* The term 'interests' should be interpreted very broadly, encompassing the promotion of values, needs, identities, norms and other aspirations.

They encompass the personal and public, and can be pursued by small informal groups, large membership organisations or formal associations. The emphasis rests however on the element of 'sharing' that interest within the public sphere.

## 3. Civil Society Index- Analytical Framework

The 2008 Civil Society Index distinguishes 5 dimensions of which 4 (civic engagement, level of organisation, practice of values and perception of impact), can be represented in the form of a diamond and the fifth one (external environment) as a circle that influences upon the shape of the diamond.

*Civic Engagement*, or 'active citizenship', is a crucial defining factor of civil society. It is the hub of civil society and therefore is one of the core components of the CSI's definition. Civic engagement describes the formal and informal activities and participation undertaken by individuals to advance shared interests at different levels. Participation within civil society is multi-faceted and encompasses socially-based and politically-based forms of engagement.

*Level of Organisation.* This dimension assesses the organisational development, complexity and sophistication of civil society, by looking at the relationships among the actors within the civil society arena. Key sub dimensions are:

- Internal governance of Civil Society Organisations;
- Support infrastructure, that is about the existence of supporting federations or umbrella bodies;
- Self-regulation, which is about for instance the existence of shared codes of conducts amongst Civil Society Organisations and other existing self-regulatory mechanisms;
- Peer-to-peer communication and cooperation: networking, information sharing and alliance building to assess the extent of linkages and productive relations among civil society actors;
- Human resources, that is about the sustainability and adequacy of human resources available for CSOs in order to achieve their objectives:
  - Financial and technological resources available at CSOs to achieve their objectives;

- International linkages, such as CSO's membership in international networks and participation in global events.

*Practice of Values.* This dimension assesses the internal practice of values within the civil society arena. CIVICUS identified some key values that are deemed crucial to gauge not only progressiveness but also the extent to which civil society's practices are coherent with their ideals. These are:

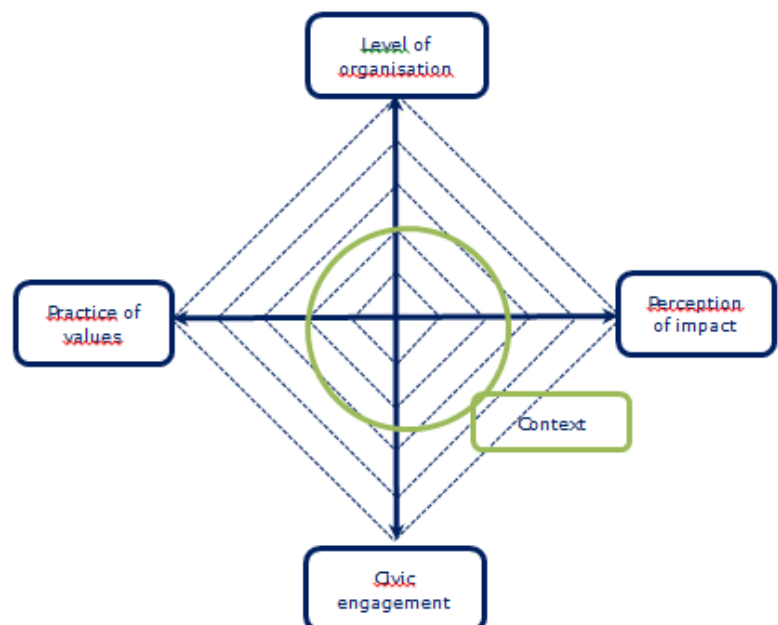
- Democratic decision-making governance: how decisions are made within CSOs and by whom;
- Labour regulations: includes the existence of policies regarding equal opportunities, staff membership in labour unions, training in labour rights for new staff and a publicly available statement on labour standards;
- Code of conduct and transparency: measures whether a code of conduct exists and is available publicly. It also measures whether the CSO's financial information is available to the public.
- Environmental standards: examines the extent to which CSOs adopt policies upholding environmental standards of operation;
- Perception of values within civil society: looks at how CSOs perceive the practice of values, such as non-violence. This includes the existence or absence of forces within civil society that use violence, aggression, hostility, brutality and/or fighting, tolerance, democracy, transparency, trustworthiness and tolerance in the civil society within which they operate.

*Perception of Impact.* This is about the perceived impact of civil society actors on politics and society as a whole as the consequences of collective action. In this, the perception of both civil society actors (internal) as actors outside civil society (outsiders) is taken into account. Specific sub dimensions are

- Responsiveness in terms of civil society's impact on the most important social concerns within the country. "Responsive" types of civil society are effectively taking up and voicing societal concerns.
- Social impact measures civil society's impact on society in general. An essential role of civil society is its contribution to meet pressing societal needs;
- Policy impact: covers civil society's impact on policy in general. It also looks at the impact of CSO activism on selected policy issues;
- Impact on attitudes: includes trust, public spiritedness and tolerance. The sub dimensions reflect a set of universally accepted social and political norms. These are drawn, for example, from sources such as the Universal Declaration of Human Rights, as well as CIVICUS' own core values. This dimension measures the extent to which these values are practised within civil society, compared to the extent to which they are practised in society at large.

*Context Dimension: External Environment.* It is crucial to give consideration to the social, political and economic environments in which it exists, as the environment both directly and indirectly affects civil society. Some features of the environment may enable the growth of civil society. Conversely, other features of the environment hamper the development of civil society. Three elements of the external environment are captured by the CSI:

- Socio-economic context: The Social Watch's basic capabilities index and measures of corruption, inequality and macro-economic health are used portray the socioeconomic context that can have marked consequences for civil society, and perhaps most significantly at the lower levels of social development;



- Socio-political context: This is assessed using five indicators. Three of these are adapted from the Freedom House indices of political and civil rights and freedoms, including political rights and freedoms, personal rights and freedoms within the law and associational and organisational rights and freedoms. Information about CSO experience with the country's legal framework and state effectiveness round out the picture of the socio-political context;
- Socio-cultural context: utilises interpersonal trust, which examines the level of trust that ordinary people feel for other ordinary people, as a broad measure of the social psychological climate for association and cooperation. Even though everyone experiences relationships of varying trust and distrust with different people, this measure provides a simple indication of the prevalence of a world view that can support and strengthen civil society. Similarly, the extent of tolerance and public spiritedness also offers indication of the context in which civil society unfolds.

# Appendix 2 Evaluation methodology

This Appendix describes the evaluation methodology that was developed to evaluate the efforts of Dutch NGOs and their Southern Partner Organisations (SPO) to strengthen Civil Society in India, Ethiopia and Indonesia. The first paragraph introduces the terms of reference for the evaluation and the second discusses design issues, including sampling procedures and changes in the terms of reference that occurred between the 2012 and 2014 assessment. The third paragraph presents the methodologies developed to answer each of the evaluation questions.

## 1. Introduction

### 1.1 Terms of reference for the evaluation

The Netherlands has a long tradition of public support for civil bi-lateral development cooperation, going back to the 1960s. The Co-Financing System (MFS) is its most recent expression. MFS II is the 2011-2015 grant programme which meant to achieve sustainable reduction in poverty. A total of 20 consortia of Dutch Co Financing Agencies have been awarded €1.9 billion in MFS II grants by the Dutch Ministry of Foreign Affairs (MoFA).

One component of the MFS II programme addresses the extent to which the Southern Partners of the Dutch Consortia are contributing towards strengthening civil society and this evaluation assesses this contribution for Southern Partner countries in Indonesia, India and Ethiopia. The evaluation comprised a baseline study, carried out in 2012, followed by an end line study in 2014.

The entire MFS II evaluation comprises assessments in eight countries where apart from a civil society component, also assessments towards achieving MDGs and strengthening the capacity of the southern partner organisations by the CFAs. A synthesis team is in place to aggregate findings of all eight countries. This team convened three synthesis team meetings, one in 2012, one in 2013 and one in 2014. All three meetings aimed at harmonising evaluation methodologies for each component across countries. CDI has been playing a leading role in harmonising its Civil Society and Organisational Capacity assessment with the other organisations in charge for those components in the other countries. This Annex describes the methodology that has been developed for the evaluation of the efforts to strengthen civil society priority result area. We will first explain the purpose and scope of this evaluation and then present the overall evaluation design. We will conclude with describing methodological adaptations, limitations and implications.

### 1.2 Civil Society assessment – purpose and scope

The overall purpose of the joint MFS II evaluations is to account for results of MFS II-funded or –co-funded development interventions implemented by Dutch CFAs and/or their Southern partners and to contribute to the improvement of future development interventions.

The civil society evaluation is organised around 5 key questions:

- What are the changes in civil society in the 2012-2014 period, with particular focus on the relevant MDGs & themes in the selected country?
- To what degree are the changes identified attributable to the development interventions of the Southern partners of the MFS II consortia (i.e. measuring effectiveness)?
- What is the relevance of these changes?

- Were the development interventions of the MFS II consortia efficient?
- What factors explain the findings drawn from the questions above?

Furthermore, the evaluation methodology for efforts to strengthen civil society should:

- Describe how a representative sample of Southern partner organisations of the Dutch CFAs in the country will be taken
- Focus on five priority result areas that correspond with dimensions of the Civil Society Index (CSI) developed by CIVICUS (see paragraph 6.4 - Call for proposal). For each of those dimensions the call for proposal formulated key evaluation questions.
- Should compare results with available reference data (i.e. a CSI report or other relevant data from the country in question).

The results of this evaluation are to be used by the Dutch Ministry of Foreign Affairs, the Dutch Consortia and their partner organisations. The evaluation methodology has to be participatory in the sense that Dutch Consortia and their partner organisation would be asked to give their own perception on a range of indicators of the adjusted CIVICUS analytical framework in 2012 and in 2014.

## 2. Designing the methodology

### 2.1 Evaluation principles and standards

The overall approach selected is a participatory, theory-based evaluation through a before and after comparison. This paragraph briefly describes these principles and how these have been translated into data collection principles. It also describes how a 'representative sample' of Southern Partner Organisations was selected and how the initial terms of references were adjusted with the consent of the commissioner of the evaluation, given the nature of the evaluation component and the resources available for the evaluation.

#### **Recognition of complexity**

The issues at stake and the interventions in civil society and policy influence are complex in nature, meaning that cause and effect relations can sometimes only be understood in retrospect and cannot be repeated. The evaluation methods should therefore focus on recurring patterns of practice, using different perspectives to understand changes and to acknowledge that the evaluation means to draw conclusions about complex adaptive systems (Kurtz and Snowden, 2003)<sup>55</sup>.

Changes in the values of the Civil Society Indicators in the 2012-2014 period are then the result of conflict management processes, interactive learning events, new incentives (carrots and sticks) that mobilise or demobilise civil society, rather than the result of a change process that can be predicted from A to Z (a linear or logical framework approach)<sup>56</sup>.

#### **A theory-based evaluation**

Theory-based evaluation has the advantage of situating the evaluation findings in an analysis that includes both what happened over the life of the project as well as the how and why of what happened (Rogers 2004). It demonstrates its capacity to help understand why a program works or fails to work, going further than knowing only outcomes by trying to systematically enter the black box (Weiss 2004). Theory-based evaluations can provide a framework to judge effectiveness in context of high levels of complexity, uncertainty, and changeability when traditional (impact) evaluation methods are not suitable: the use of control groups for the civil society evaluation is problematic since comparable

<sup>55</sup> C. F. Kurtz, D. J. Snowden, The new dynamics of strategy: Sense-making in a complex and complicated world, in IBM Systems Journal vol 42, no 3, 2003.

<sup>56</sup> Caluwe de, L & Vermaak H. (2003) "Learning to Change. A Guide for Organisation Change Agents" Sage Publications.

organisations with comparable networks and operating in a similar external environment would be quite difficult to identify and statistical techniques of matching cannot be used because of a small n. Because SPO's theories of change regarding their efforts to build civil society or to influence policies may alter during the 2012-2014 period, it requires us to develop a deep understanding of the change process and the dynamics that affect civil society and policies. It is important to understand what has led to specific (non-) changes and (un)-expected changes. These external factors and actors, as well as the SPO's agency need to be taken into account for the attribution question. Linear input-activities-outputs-outcomes-impact chains do not suffice for complex issues where change is both the result of SPOs' interventions as those by other actors and/or factors.

Therefore, the most reasonable counterfactual that can be used for this evaluation is that of considering alternative causal explanations of change (White and Philips, 2012). Therefore the SPOs' Theory of Change constructed in 2012 is also related to a Model of Change constructed in 2014 that tries to find the ultimate explanations of what happened in reality, including other actors and factors that might possibly explain the outcomes achieved.

### **Triangulation of methods and sources of information**

For purposes of triangulation to improve the robustness, validity or credibility of the findings of the evaluation we used different types of data collection and analysis methods as well as different sources of information. The CIVICUS analytical framework was adjusted for this evaluation in terms of providing standard impact outcome indicators to be taken into account. Data collection methods used consisted of workshops with the SPO, interviews with key resource persons, focus group discussions, social network analysis (during the baseline), consultation of project documents; MFS II consortia documents and other documents relevant to assess general trends in civil society

### **Participatory evaluation**

The evaluation is participatory in that both baseline and end line started with a workshop with SPO staff, decision makers and where possible board members. The baseline workshop helped SPOs to construct their own theory of change with regards to civil society. Detailed guidelines and tools have been developed by CDI for both baseline and follow-up, and these have been piloted in each of the countries CDI is involved in. Country based evaluators have had a critical input in reviewing and adapting these detailed guidelines and tools. This enhanced a rigorous data collection process. Additionally, the process of data analysis has been participatory where both CDI and in-country teams took part in the process and cross-check each other's inputs for improved quality. Rigorous analysis of the qualitative data was done with the assistance of the NVivo software program.

### **Using the evaluation standards as a starting point**

As much as possible within the boundaries of this accountability driven evaluation, the evaluation teams tried to respect the following internationally agreed upon standards for program evaluation (Yarbrough et al, 2011). These are, in order of priority: Utility; Feasibility; Propriety; Accuracy; Accountability. However, given the entire set-up of the evaluation, the evaluation team cannot fully ensure the extent to which the evaluation is utile for the SPO and their CFAs; and cannot ensure that the evaluation findings are used in a proper way and not for political reasons.

## **2.2 Sample selection**

The terms of reference for this evaluation stipulate that the evaluators draw a sample of southern partner organisations to include in the assessment. Given the fact that the first evaluation questions intends to draw conclusions for the MDGs or the themes (governance or fragile states) for Indonesia a sample was drawn for the two or three most frequent MDGs or themes that the SPOs are working in. In 2012, the Dutch MFS II consortia were asked to provide information for each SPO regarding the MDG/theme it is working on, if it has an explicit agenda in the area of civil society strengthening and/or policy influence. The database then provided an insight into the most important MDG/themes covered by the partner organisations, how many of these have an explicit agenda regarding civil society



strengthening and/or policy influence. The entire population of SPOs in Indonesia was 120, of which those exclusively working on the governance theme (28 SPOs), those working on MDG 7ab (26 SPOs) and on MDG 3 (26 SPOs) were the most frequent ones. With regards to MDG 3 and MDG 7ab the evaluator decided to select MDG 7ab, which is a very specific and relevant MDG for Indonesia. Five partner organisations were randomly selected for respectively MDG 7 (natural resources) of a population of 26 SPOs and 5 for the governance theme from 28 SPOs<sup>57</sup>.

## 2.3 Changes in the original terms of reference

Two major changes have been introduced during this evaluation and accepted by the commissioner of the MFS II evaluation. These changes were agreed upon during the 2013 and the 2014 synthesis team meetings.

### **The efficiency evaluation question**

During the June 2013 synthesis meeting the following decision was made with regards to measuring how efficient MFS II interventions for organisational capacity and civil society are:

*[...] it was stressed that it is difficult to disentangle budgets for capacity development and civil society strengthening. SPOs usually don't keep track of these activities separately; they are included in general project budgets. Therefore, teams agreed to assess efficiency of CD [capacity development] and CS activities in terms of the outcomes and/or outputs of the MDG projects. This implies no efficiency assessment will be held for those SPOs without a sampled MDG project. Moreover, the efficiency assessment of MDG projects needs to take into account CD and CS budgets (in case these are specified separately). Teams will evaluate efficiency in terms of outcomes if possible. If project outcomes are unlikely to be observed already in 2014, efficiency will be judged in terms of outputs or intermediate results (e-mail quotation from Gerton Rongen at February 6, 2014).*

### **Attribution/contribution evaluation question**

During the June 2013 NWO-WOTRO workshop strategies were discussed to fit the amount of evaluation work to be done with the available resources. Therefore,

1. The number of SPOs that will undergo a full-fledged analysis to answer the attribution question, were to be reduced to 50 percent of all SPOs. Therefore the evaluation team used the following selection criteria:
  - An estimation of the annual amount of MFS II funding allocated to interventions that have a more or less direct relation with the civil society component. This implies the following steps to be followed for the inventory:
  - Covering all MDGs/themes in the original sample
  - Covering a variety of Dutch alliances and CFAs
2. The focus of the attribution question will be on two impact outcome areas, those most commonly present in the SPO sample for each country. The evaluation team distinguishes four different impact outcome areas:
  - The extent to which the SPO, with MFS II funding, engages more and diverse categories of society in the 2011-2014 period (Civicus dimensions "Civic engagement" and "perception of impact")
  - The extent to which the SPOs supports its intermediate organisations to make a valuable contribution to civil society in the 2011 -2014 period (Civicus dimension "Level of organisation" and "perception of impact")
  - The extent to which the SPO itself engages with other civil society organisations to make a valuable contribution to civil society in the 2011-2014 period (Civicus dimension "level of organisation")

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<sup>57</sup> See the evaluation methodology for the civil society component as described in the annex of the baseline report.

- The extent to which the SPO contributes to changing public and private sector policies and practices in the 2011-2014 period (Civicus dimension “perception of impact”)
3. The CS dimension ‘Practice of Values’ has been excluded, because this dimension is similar to issues dealt with for the organisational capacity assessment.

The aforementioned analysis drew the following conclusions:

Country	SPO in the in-depth analysis	Strategic CS orientation to include
<b>Indonesia</b>	ELSAM, WARSI, CRI, NTFP-EP, LPPSLH	<ol style="list-style-type: none"> <li>1. Strengthening intermediate organisations AND influencing policies and practices</li> <li>2. If only one of the two above mentioned is applicable, then select another appropriate impact outcome area to look at.</li> </ol>
<b>India</b>	NNET, CWM, CECOEDCON, Reds Tumkur, CSA	<ol style="list-style-type: none"> <li>1. Enhancing civic engagement AND strengthening intermediate organisations</li> <li>2. If only one of the two above mentioned is applicable then select another appropriate impact outcome area to look at.</li> </ol>
<b>Ethiopia</b>	OSSA, EKHC, CCGG&SO, JeCCDO and ADAA	<ol style="list-style-type: none"> <li>1. Strengthening the capacities of intermediate organisations AND SPO’s engagement in the wider CS arena</li> <li>2. If only one of the two above mentioned is applicable then select another appropriate impact outcome area to look at.</li> </ol>

Source: Consultation of project documents available in February 2014

### 3. Answering the evaluation questions

#### 3.1 Evaluation question 1 - Changes in civil society for the relevant MDGs/topics

Evaluation question 1: *What are the changes in civil society in the 2012-2014 period, with particular focus on the relevant MDGs & themes in the selected country?*

##### **Indicators and tools used**

In line with the CIVICUS Civil Society Index, a scoring tool was developed in 2012 which comprises 17 indicators. The selection was inspired by those suggested in the terms of reference of the commissioner. Each indicator was, also in line with the CIVICUS index accompanied by an open evaluation question to be used for data collection in 2012 and 2014. In 2012 the scoring tool contained four statements describing the level of achievements of the indicator and scores ranged from 0 to 3 (low score - high score).

A comparison of the scores obtained in 2012 informed the evaluation team that there was a positive bias towards high scores, mostly between 2 and 3. Therefore during the 2014 assessment, it was decided to measure relative changes for each indicator in the 2012 – 2014 period, as well as the reasons for changes or no changes and assigning a score reflecting the change between -2 (considerable deterioration of the indicator value since 2012) and +2 (considerable improvement).

In 2012 and based upon the Theory of Change constructed with the SPO, a set of standard indicators were identified that would ensure a relation between the standard CIVICUS indicators and the interventions of the SPO. However, these indicators were not anymore included in the 2014 assessment because of the resources available and because the methodology fine-tuned for the attribution question in 2013, made measurement of these indicators redundant.

Also in 2012, as a means to measure the ‘level of organisation’ dimension a social network analysis tool was introduced. However this tool received very little response and was discontinued during the end line study.

##### **Key questions to be answered for this evaluation question**

In 2012, SPO staff and leaders, as well as outside resource persons were asked to provide answers to 17 questions, one per standard indicator of the scoring tool developed by CDI.

In 2012, the SPO staff and leaders were given the description of each indicator as it was in 2012 and had to answer the following questions:

1. How has the situation of this indicator changed compared to its description of the 2012 situation? Did it deteriorate considerably or did it improve considerably (-2 → +2)
2. What exactly has changed since 2012 for the civil society indicator that you are looking at? Be as specific as possible in your description.
3. What interventions, actors and other factors explain this change compared to the situation in 2012? Please tick and describe what happened and to what change this led. It is possible to tick and describe more than one choice.
  - Intervention by SPO, NOT financed by any of your Dutch partners .....
  - Intervention SPO, financed by your Dutch partner organisation .....(In case you receive funding from two Dutch partners, please specify which partner is meant here)
  - Other actor NOT the SPO, please specify.....
  - Other factor, NOT actor related, please specify.....
  - A combination of actors and factors, INCLUDING the SPO, but NOT with Dutch funding, please specify...
  - A combination of actors and factors, INCLUDING the SPO, but WITH Dutch funding, please specify...
  - Don't know
4. Generally speaking, which two of the five CIVICUS dimensions (civic engagement, level of organisation, practice of values, perception of impact, environment) changed considerably between 2012 – 2014? For each of these changes, please describe:
  - Nature of the change
  - Key interventions, actors and factors (MFS II or non-MFS II related) that explain each change (entirely or partially).

#### **Sources for data collection**

During the baseline and the end line and for purposes of triangulation, several methods were used to collect data on each (standard) indicator:

- Self-assessment per category of staff within the SPO: where possible, three subgroups were made to assess the scores: field staff/programme staff, executive leadership and representatives of the board,, general assembly, and internal auditing groups if applicable completed with separate interviews;
- Interviews with external resource persons. These consisted of three categories: key actors that are knowledgeable about the MDG/theme the SPO is working on and who know the civil society arena around these topics; civil society organisations that are being affected by the programme through support or CSOs with which the SPO is collaborating on equal footing, and; representatives of public or private sector organisations with which the SPO is interacting
- Consultation and analysis of reports that relate to each of the five CIVICUS dimensions.
- Project documents, financial and narrative progress reports, as well as correspondence between the SPO and the CFA.
- Social network analysis (SNA), which was discontinued in the end line study.

During the follow-up, emphasis was put on interviewing the same staff and external persons who were involved during the baseline for purpose of continuity.

## 3.2 Evaluation question 2 – “Attribution” of changes in civil society to interventions of SPOs.

Evaluation question 2: *To what degree are the changes identified attributable to the development interventions of the Southern partners of the MFS II consortia (i.e. measuring effectiveness)?*

### **Adapting the evaluation question and introduction to the methodology chosen**

In line with the observation of Stern et al. (2012) that the evaluation question, the programme attributes, and the evaluation approaches all provide important elements to conclude on the evaluation design to select, the teams in charge of evaluating the civil society component concluded that given the attributes of the programmes it was impossible to answer the *attribution* question as formulated in the Terms of References of the evaluation and mentioned above. Therefore, the evaluation teams worked towards answering the extent *to which the programme contributed towards realising the outcomes*. For this endeavour explaining outcome process-tracing<sup>58</sup> was used. The objective of the process tracing methodology for MFS II, in particular for the civil society component is to:

- Identify what interventions, actors and factors explain selected impact outcomes for process tracing.
- Assess how the SPO with MFS II funding contributed to the changes in the selected impact outcomes and how important this contribution is given other actors and factors that possibly influence the attainment of the outcome. Ruling out rival explanations, which are other interventions, actors or factors that are not related to MFS II funding.

### **Methodology – getting prepared**

As described before a limited number of SPOs were selected for process tracing and for each country strategic orientations were identified as a means to prevent a bias occurring towards only positive impact outcomes and as a means to support the in-country evaluation teams with the selection of outcomes to focus on as much as was possible, based upon the project documents available at CDI. These documents were used to track realised outputs and outcomes against planned outputs and outcomes. During the workshop (see evaluation question on changes in civil society) and follow-up interviews with the SPO, two impact outcomes were selected for process tracing.

### **Steps in process tracing**

1. Construct the theoretical model of change – by in-country evaluation team

After the two impact outcomes have been selected and information has been obtained about what has actually been achieved, the in-country evaluation team constructs a visual that shows all pathways that might possibly explain the outcomes. The inventory of those possible pathways is done with the SPO, but also with external resource persons and documents consulted. This culminated in a Model of Change. A MoC of good quality includes: The causal pathways that relate interventions/parts by any actor, including the SPO to the realised impact outcome; assumptions that clarify relations between different parts in the pathway, and; case specific and/or context specific factors or risks that might influence the causal pathway, such as for instance specific attributes of the actor or socio-cultural-economic context. The Models of Change were discussed with the SPO and validated.

2. Identify information needs to confirm or reject causal pathways as well as information sources needed.

This step aims to critically reflect upon what information is needed that helps to confirm one of causal pathways and at that at same time helps to reject the other possible explanations. Reality warns that this type of evidence will hardly be available for complex development efforts. The evaluators were asked

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<sup>58</sup> Explaining outcome process tracing attempts to craft a minimally sufficient explanation of a puzzling outcome in a specific historical case. Here the aim is not to build or test more general theories but to craft a (minimally) sufficient explanation of the outcome of the case where the ambitions are more case centric than theory oriented. The aim of process tracing is not to verify if an intended process of interventions took place as planned in a particular situation, but that it aims at increasing our understanding about what works under what conditions and why (Beach & Pedersen, 2013).

to behave as detectives of Crime Scene Investigation, ensuring that the focus of the evaluation was not only on checking if parts/interventions had taken place accordingly, but more specifically on identifying information needs that confirm or reject the relations between the parts/interventions. The key question to be answered was: "What information do we need in order to confirm or reject that one part leads to another part or, that X causes Y?". Four types of evidence were used, where appropriate.<sup>59</sup>

- *Pattern evidence* relates to predictions of statistical patterns in the evidence. This may consist of trends analysis and correlations.
- *Sequence evidence* deals with the temporal and spatial chronology of events predicted by a hypothesised causal mechanism. For example, a test of the hypothesis could involve expectations of the timing of events where we might predict that if the hypothesis is valid, we should see that the event B took place after event A. However, if we found that event B took place before event A, the test would suggest that our confidence in the validity of this part of the mechanism should be reduced (disconfirmation/ falsification).
- *Trace evidence* is evidence whose mere existence provides proof that a part of a hypothesised mechanism exists. For example, the existence of meeting minutes, if authentic, provides strong proof that the meeting took place.
- *Account evidence* deals with the content of empirical material, such as meeting minutes that detail what was discussed or an oral account of what took place in the meeting.

### 3. Collect information necessary to confirm or reject causal pathways

Based upon the inventory of information needs the evaluation teams make their data collection plan after which data collection takes place.

### 4. Analyse the data collected and assessment of their quality.






This step consists of compiling all information collected in favour or against a causal pathway in a table or in a list per pathway. For all information used, the sources of information are mentioned and an assessment of the strength of the evidence takes place, making a distinction between strong, weak and moderate evidence. For this we use the traffic light system: **green letters mean strong evidence**, **red letters mean weak evidence** and **orange letter mean moderate evidence**: The following table provides the format used to assess these issues.

Causal pathway	Information that confirms (parts of) this pathway		Information that rejects (parts of) this pathway	
<b>Pathway 1</b>	<b>Information 1</b>	Source of information	<b>Information 1</b>	Source of information
<b>Part 1.1</b>	<b>Information 2</b>	Source of information	<b>Information 2</b>	Source of information
<b>Part 1.2</b>	<b>Information 3</b>	Source of information	<b>Information 3</b>	Source of information
<b>Etc</b>	etc	etc	etc	etc
<b>Pathway 2</b>	<b>Information 1</b>	Source of information	<b>Information 1</b>	Source of information
<b>Part 2.1</b>	<b>Information 2</b>	Source of information	<b>Information 2</b>	Source of information
<b>Part 2.2</b>	<b>Information 3</b>	Source of information	<b>Information 3</b>	Source of information
<b>Etc.</b>	etc	etc	etc	etc
<b>Pathway 3</b>				

### 5. Assessing the nature of the relations between parts in the model of change

The classification of all information collected is being followed by the identification of the pathways that most likely explain the impact outcome achieved. For this the evaluators assess the nature of the relations between different parts in the MoC. Based upon Mayne (2012) and Stern et al (2012) the following relations between parts in the MoC are mapped and the symbols inserted into the original MoC.

<sup>59</sup> Beach and Pederson, 2013

<b>Nature of the relation between parts and other parts or outcome</b>	
The part is the only causal explanation for the outcome. No other interventions or factors explain it. (necessary and sufficient)	
The part does not explain the outcome at all: other subcomponents explain the outcomes.	
The part explains the outcome but other parts explain the outcome as well: there are multiple pathways (sufficient but not necessary)	
The part is a condition for the outcome but won't make it happen without other factors (necessary but not sufficient)	
The part explains the outcome, but requires the help of other parts to explain the outcome in a sufficient and necessary way (not a sufficient cause, but necessary) → it is part of a causal package	
Sources: Mayne, 2012; Stern et al, 2012	

## 6. Write down the contribution and assess the role of the SPO and MFS II funding

This final step consists of answering the following questions, as a final assessment of the contribution question:

- The first question to be answered is: What explains the impact outcome?
- The second question is: What is the role of the SPO in this explanation?
- The third question, if applicable is: what is the role of MFS II finding in this explanation?

## 7. Sources for data collection

Information necessary to answer this evaluation question is to be collected from:

- Interviews with resource persons inside and outside the SPO
- Project documents and documentation made available by other informants
- Websites that possibly confirm that an outcome is achieved and that the SPO is associated with this outcome
- Meeting minutes of meetings between officials
- Time lines to trace the historical relations between events
- Policy documents
- etc

## 3.3 Evaluation question 3 – Relevance of the changes

Evaluation question 3: *What is the relevance of these changes?*

The following questions are to be answered in order to assess the relevance of the changes in Civil Society.

- How do the MFS II interventions and civil society outcomes align with the Theory of Change developed during the baseline in 2012? What were reasons for changing or not changing interventions and strategies?
- What is the civil society policy of the Dutch alliance that collaborates with the SPO? And how do the MFS II interventions and civil society outcomes align with the civil society policy of the Dutch alliance that collaborates with the SPO?
- How relevant are the changes achieved in relation to the context in which the SPO is operating?
- What is the further significance of these changes for building a vibrant civil society for the particular MDG/ theme in the particular context?

### Sources for data collection

For this question the following sources are to be consulted:

- Review of the information collected during interviews with the SPO and outside resource persons
- The 2012 Theory of Change
- Interview with the CFA liaison officer of the SPO;

- Review of reports, i.e: the civil society policy document of the Dutch Alliance that was submitted for MFS II funding, relevant documents describing civil society for the MDG/ theme the SPO is working on in a given context.

### 3.4 Evaluation question 4, previously 5 - Factors explaining the findings

Evaluation question 4: *What factors explain the findings drawn from the questions above?*

To answer this question we look into information available that:

- Highlight changes in the organisational capacity of the SPO
- Highlight changes in the relations between the SPO and the CFA
- Highlight changes in the context in which the SPO is operating and how this might affect positively or negatively its organisational capacity.

#### **Sources for data collection**

Sources of information to be consulted are:

- Project documents
- Communications between the CFA and the SPO
- Information already collected during the previous evaluation questions.

## 4. Analysis of findings

A qualitative software programme NVivo 10 (2010) was used to assist in organising and making sense of all data collected. Although the software cannot take over the task of qualitative data analysis, it does 1) improve transparency by creating a record of all steps taken, 2) organise the data and allow the evaluator to conduct a systematic analysis, 3) assist in identifying important themes that might otherwise be missed, and 4) reduce the danger of bias due to human cognitive limitations, compared to "intuitive data processing" (Sadler 1981). The qualitative data in the evaluation consisted of transcripts from semi-structured interviews, focus group discussions workshops, field notes from observation, and a range of documents available at the SPO or secondary information used to collect reference data and to obtain a better understanding of the context in which the CS component evolves.

To analyse this diverse collection of data, several analytical strategies are envisioned, specifically content analysis, discourse analysis, and thematic analysis. Although each of these strategies can be understood as a different lens through which to view the data, all will require a carefully developed and executed coding plan.

Data have been coded according to: standard civil society indicator; outcome included for in-depth contribution analysis; relevance, and; explaining factors.

This qualitative analysis will be supported by a limited amount of quantitative data largely arising from the score assigned by the evaluation team to each performance indicator described in the civil society scoring tool. Other quantitative data in this study are drawn information provided in background literature and organisational documents as well as the Social Network Analysis method.

## 5. Limitations to the methodology

### 5.1 General limitations with regards to the MFS II evaluation

#### **The MFS II programme and CIVICUS**

Although the MFS II programme stated that all proposals need to contribute to civil society strengthening in the South<sup>60</sup>, mention was made of the use of the CIVICUS framework for monitoring purposes. The fact that civil society was to be integrated as one of the priority result areas next to that of organisational capacity and MDGs became only clear when the MoFA communicated its mandatory monitoring protocol. In consequence, civil society strengthening in the MFS II programmes submitted to the ministry is mainstreamed into different sub programmes, but not addressed as a separate entity.

This late introduction of the Civil Society component also implies that project documents and progress reports do not make a distinction in MDG or theme components vs those of civil society strengthening, leaving the interpretation of what is a civil society intervention our outcome and what not to the interpretation of the evaluation team.

At the same time the evaluation team observes that SPOs and CFAs have started to incorporate the organisational capacity tool that is being used in the monitoring protocol in their own organisational assessment procedures. None of the SPOs is familiar with the CIVICUS framework and how it fits into their interventions.

#### **Differences between CIVICUS and MFS II evaluation**

CIVICUS developed a Civil Society Index that distinguishes 5 dimensions and for each of these a set of indicators has been developed. Based upon a variety of data collection methods, a validation team composed of civil society leaders provides the scores for the civil society index.

Major differences between the way the Civil Society Index is been used by CIVICUS and for this MFS II evaluation is the following:

1. CIVICUS defines its unit of analysis in terms of the civil society arena at national and/or subnational level and does not start from individual NGOs. The MFS II evaluation put the SPO in the middle of the civil society arena and then looked at organisations that receive support; organisations with which the SPO is collaborating. The civil society arena boundaries for the MFS II evaluation are the public or private sector organisations that the SPO relates to or whose policies and practices it aims to influence
2. The CIVICUS assessments are conducted by civil society members itself whereas the MFS II evaluation is by nature an external evaluation conducted by external researchers. CIVICUS assumes that its assessments, by organising them as a joint learning exercise, will introduce change that is however not planned. With the MFS II evaluation the focus was on the extent to which the interventions of the SPO impacted upon the civil society indicators.
3. CIVICUS has never used its civil society index as a tool to measure change over a number of years. Each assessment is a stand-alone exercise and no efforts are being made to compare indicators over time or to attribute changes in indicators to a number of organisations or external trends.

#### **Dimensions and indicator choice**

The CIVICUS dimensions in themselves are partially overlapping; the dimension 'perception of impact' for instance contains elements that relate to 'civic engagement' and to 'level of organisation'. Similar overlap is occurring in the civil society scoring tool developed for this evaluation and which was highly oriented by a list of evaluation questions set by the commissioner of the evaluation.

Apart from the overlap, we observe that some of the standard indicators used for the civil society evaluation were not meaningful for the SPOs under evaluation. This applies for instance for the political

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<sup>60</sup> Policy Framework Dutch Co- financing System II 2011 - 2015



engagement indicator "How intense is your (individual staff or organisational) participation in locally-nationally elected bodies and/or sectoral user groups?"

### **Measuring change over a two-year period**

The MFS II programme started its implementation in 2011 and it will finish in 2015, whereas its evaluation started mid-2012 and will end in the beginning of 2014. The period between the baseline and the end line measurement hardly covers 2 years in some cases. Civil society building and policy influence are considered the type of interventions that requires up to 10 years to reap significant results, especially when taking into account attitudes and behaviour. Apart from the fact that the baseline was done when MFS II was already operational in the field for some 1,5 years, some SPO interventions were a continuation of programmes designed under the MFS I programme, hence illustrating that the MFS II period is not a clear boundary. Contracts with other SPOs ended already in 2012, and practically coincided with the baseline assessment being conducted at the moment the relationship with the CFA had practically ended.

### **Aggregation of findings**

Although working with standard indicators and assigning them scores creates expectations of findings being compared and aggregated at national and international level, this may lend itself to a quick but inaccurate assessment of change. Crude comparison between programs on the basis of findings is problematic, and risks being politically abused. The evaluation team has to guard against these abuses by ensuring the necessary modesty in extrapolating findings and drawing conclusions.

### **Linking the civil society component to the other components of the MFS II evaluation**

The Theory of Change in the terms of reference assumes that CFAs are strengthening the organisational capacity of their partners, which is evaluated in the organisational capacity components, which then leads to impact upon MDGs or upon civil society. Because the evaluation methodology designed for both the organisational capacity and the civil society evaluation require considerable time investments of the SPOs, a deliberate choice was made not to include SPOs under the organisational capacity component in that of Civil Society. This may possibly hamper conclusions regarding the assumption of capacitated SPOs being able to impact upon civil society. However, where information is available and where it is relevant, the civil society component will address organisational capacity issues.

No such limitations were made with regards to SPOs in the MDG sample, however, apart from Indonesia; none of the SPOs in the civil society sample is also in that of MDG.

## **5.2 Limitations during baseline with regards to the methodology**

A very important principle upon which this evaluation methodology is based is that of triangulation, which implies that different stakeholders and documents are consulted to obtain information about the same indicator from different perspectives. Based upon these multiple perspectives, a final score can be given on the same indicator which is more valid and credible.

For Indonesia this has not always been possible:

- For 7 out of 10 SPOs a Survey Monkey questionnaire was developed to assess the intensity of the interaction between stakeholders in the network. Out of 156 actors that were invited to fill in this 5 minute questionnaire, only 7 actors effectively filled in the questionnaire = 4.5 %. The online Social Network Analysis aims at having both the opinion of the SPO on the intensity of the interaction with another actor, as well as the opinion of the other actor for triangulation. Important reasons for not filling in this form are that actors in the network are not technology savvy, or that they have difficulties in accessing internet. Data obtained by survey monkey were not used in the baseline. Instead the evaluation team did a social network assessment during the baseline workshop with the SPO.
- With regards to filling in offline interview forms or answering questions during interviews a number of civil society actors did not want to score themselves because they do not benefit from the interventions of the MFS II projects. Having the scores of their own organisations will help to assess the wider

environment in which the SPO operates and possibly an impact of the SPO on other civil society organisations in 2014.

- With regards to public officials the evaluation team faced difficulties to have their opinions on a certain number of indicators such as perception of impact on policy influencing and relations between public organisations and civil society. Public officials fear that they will be quoted in the assessment, which may have repercussions for their position.

### 5.3 Experiences during end line from in-country teams - Indonesia

The in-country team experienced difficulties in working on the first evaluation question regarding changes in civil society. The team would have preferred a similar workshop as during the baseline that would recapitulate the essence of the CIVICUS model and the content of each standard indicator developed. Although some members of the in-country team were also involved in the 2012 base line assessment, they and their new colleagues experienced a kind of "CS dimension shock" when these topics were not addressed during the workshop, where a lot of time was spent to work on the second evaluation question on contribution. A guidance sent later in the year was helpful but came late according to the Indonesian team.

The many appendices prepared for data collection and meant as a step-wise approach for the end line study, sometimes became a burden and a limitation when applied directly in collecting data. Like mentioned for the baseline study the questions sometimes limited the probing for information. In addition, in-country team members had to deal with the "CS dimension shock".

The organisation of the entire MFS II evaluation did provide very little opportunities for SPOs to engage with the evaluation and to feel concerned. For many of the SPOs the evaluation does not provide a strategic value in terms of drawing lessons. This lack of ownership is felt more strongly with those SPOs that already ended their contract with the Dutch MFS II organisation and with those SPOs that due to high staff turn overs were confronted with past tense issues that they did not experience.

Some of the SPOs simply didn't care about the evaluation. This could have been anticipated if there had been a special workshop (for the directors, perhaps, and the CFAs) prior to the endline. Via such workshops, appointments and agreements could have been set, allowing the in-country teams to plan their time and schedule. What ended up happening was that many of the SPOs kept putting off appointments and this also affected the schedule of the team.

Many SPOs are unfamiliar with the CIVICUS framework and the in-country team tried to ease them into it by sending background information and the indicator questions regarding changes in civil society prior to the workshop. This was effective for some SPOs (Common Room, WARSI), but not very effective for LPPSLH, RUANGRUPA, and CRI. The latter three found it too difficult to answer these questions by themselves. Common Room, on the other hand dedicated a special discussion session to discuss the questions internally. The questions were however the same as those dealt with during the baseline and possibly high staff turnovers may also explain this "CS dimension shock".

Fieldwork was sometimes inefficient since the in-country team assumed that each step (workshop, interview, drafting model of change, selecting outcome, finding evidences) would neatly fall into sequence and could be packed tightly within 4 or 5 days with strong commitment from the SPO. This often did not happen.



## Civil Society Scoring tool - baseline

Dimension	Outcome domains	Question	Statements					What are factors (strengths, weaknesses) that explain the current situation?
			0	1	2	3	x	
Civic engagement	1	Needs of marginalised groups	How does your organisation take the needs of your beneficiaries/target groups, in particular marginalised groups into account in your planning, actions, activities, and/or strategies?	Are NOT taken into account	Are POORLY taken into account	Are PARTLY taken into account	Are FULLY taken into account	Question not relevant, because .....
	2	Involvement of target groups	What is the level of participation of your beneficiaries/target groups, in particular marginalised groups in the analysis, planning and evaluation of your activities?	They are INFORMED about on-going and/or new activities that you will implement	They are CONSULTED by your organisation. You define the problems and provide the solutions.	They CARRY OUT activities and/or form groups upon your request. They provide resources (time, land, labour) in return for your assistance (material and/or immaterial)	They ANALYSE PROBLEMS AND FORMULATE IDEAS together with your organisation and/or take action independently from you.	Question not relevant, because .....
	3	Political engagement	How intense is your (individual staff or organisational) participation in locally-nationally elected bodies and/or sectoral user groups?	No participation	You are occasionally CONSULTED by these bodies	You are a member of these bodies. You attend meetings as a participant	You are a member of these bodies. You are chairing these bodies or sub groups	Question not relevant, because .....
organisation level of	5	Relations with other organisations	In the past 12 months what has been the most intensive interaction you had with other CSOs?	No interaction at all	Networking - Cooperation: Inform each other; roles somewhat defined; all decisions made independently	Coordination - Coalition: ideas and resources shared; roles defined and divided; all have a vote in decision making	Collaboration: organisations belong to one system; mutual trust; consensus on all decisions.	Question not relevant, because .....

Dimension	Outcome domains		Question	Statements					x	What are factors (strengths, weaknesses) that explain the current situation?
				0	1	2	3			
	5	Frequency of dialogue with closest CSO	In the past 12 months how many meetings did you have with the CSO that you have most intensive interaction with?	No interaction at all	Less than 2 times a year	Between 2 and 3 times a year	More than 4 times a year		Question not relevant, because .....	
	6	Defending the interests of marginalised groups:	Which CSO are most effective in defending the interests of your target groups? In the past 12 months, how did you relate to those CSOs?	No interaction at all	Networking - Cooperation: Inform each other; roles somewhat defined; all decisions made independently	Coordination - Coalition: ideas and resources shared; roles defined and divided; all have a vote in decision making	Collaboration: organisations belong to one system; mutual trust; consensus on all decisions.		Question not relevant, because .....	
	7	Composition current financial resource base	How does your organisation finance institutional costs such as workshops of the General Assembly (if applicable); attendans to workshops of other CSOs; costs for organisational growth and/or networking?	Depends on 1 international donor	Depends on few financial sources: one fund cover(s) more than 75% of all costs.	Depends on a variety of financial sources; one fund cover(s) more than 50% of all costs.	Depends on a variety of sources of equal importance. Wide network of domestic funds		Question not relevant, because .....	
Practice of Values	8	Downward accountability	To what extent can mandatory social organs (steering committee, general assembly, internal auditing group) ask your executive leaders to be accountable to them?	(financial) information is made available and decisions are taken openly	They fulfil their formal obligation to explain strategic decisions and actions	They react to requests of social organs to justify/explain actions and decisions made	Social organs use their power to sanction management in case of misconduct or abuse		Question not relevant, because .....	
	9	Composition of social organs	What % of members of your mandatory social organs belong to the marginalised target groups you are working with/for?	Between 0-10 % of all members of the social organs	Between 11-30 % of all members of the social organs	Between 31-65 % of all members of the social organs	More than 65% of all members of the social organs		Question not relevant, because .....	

Dimension	Outcome domains		Question	Statements					x	What are factors (strengths, weaknesses) that explain the current situation?
				0	1	2	3			
	10	External financial auditing	How regularly is your organisation audited externally?	Never	Occasionally, upon request of funders	Periodically and regularly, because our external funder asks for it	Periodically and regularly, because it is part of our code of conduct	Question not relevant, because .....		
Perception of impact	11	Client satisfaction	What are the most important concerns of your target groups? How do your services take into account those important concerns?	Majority of target groups are NOT satisfied	Majority of target groups are POORLY satisfied	Majority of target groups are PARTLY satisfied	Majority of target groups are MOSTLY satisfied	Question not relevant, because .....		
	12	Civil society impact.	In the past 12 months, what impact did you have on building a strong civil society?	You have not undertaken any activities of this kind	You have undertaken activities of this kind but there is no discernible impact	You have undertaken activities of this kind but impact is limited	You have undertaken activities and examples of significant success can be detected.	Question not relevant, because .....		
	13	Relation with public sector organisations.	In the past 12 months, what interaction did you have with public sector organisations to realise your programme and organisations' objectives?	No direct interaction	You have been invited by public sector organisations for sharing of information	You have been invited by public sector organisations for regular consultations (but public sector decides)	Formal and regular meetings as a multi-stakeholder task force.	Question not relevant, because .....		
	14	Relation with private sector organisations	In the past 12 months, what interaction did you have with private sector organisations to realise your programme and organisations' perspective?	No direct interaction	You have been invited by private sector organisations for sharing of information	You have been invited by private sector organisations for regular consultations (but public sector decides)	Formal and regular meetings as a multi-stakeholder task force.	Question not relevant, because .....		
	15	Influence upon public policies, rules, regulations	How successful have you been in influencing public policies and practices in the past 2 years?	No activities developed in this area	Some activities developed but without discernible impact	Many activities developed in this area, but impact until so far has been limited	Many activities developed in this area and examples of success can be detected	Question not relevant, because .....		

Dimension	Outcome domains		Question	Statements				x	What are factors (strengths, weaknesses) that explain the current situation?
				0	1	2	3		
	16	Influence upon private sector agencies' policies, rules, regulations.	How successful have you been in influencing private sector policies and practices in the past 2 years?	No activities developed in this area	Some activities developed but without discernible impact	Many activities developed in this area, but impact until so far has been limited	Many activities developed in this area and examples of success can be detected	Question not relevant, because .....	
Environmental context	17	Coping strategies	In the past 2 years, how did your organisation cope with these changes in the context that may have been positive or negative consequences for civil society.	No analysis of the space and role of civil society has been done.	You are collecting information of the space and role of civil society but not regularly analysing it.	You are monitoring the space and role of civil society and analysing the consequences of changes in the context for your own activities. Examples are available.	You are involved in joint action to make context more favourable. Examples are available.	Question not relevant, because .....	

## Appendix 3 Civil Society Scores

This table presents the appreciation of the evaluation team regarding changes occurred for each indicator between 2012 and 2014 on a scale of -2 to + 2

- 2 = Considerable deterioration

- 1 = A slight deterioration

0 = no change occurred, the situation is the same as in 2012

+1 = slight improvement

+2 = considerable improvement

Dimension		Indicators	Question	Change
Civic engagement	1	Needs of marginalised groups	How does your organisation take the needs of your beneficiaries/target groups, in particular marginalised groups into account in your planning, actions, activities, and/or strategies?	+1
	2	Involvement of target groups	What is the level of participation of your beneficiaries/target groups, in particular marginalised groups in the analysis, planning and evaluation of your activities?	+1
	3	Political engagement	How intense is your (individual staff or organisational) participation in locally-nationally elected bodies and/or sectoral user groups?	-1
Level of organisation	5	Relations with other organisations	In the past 12 months what has been the most intensive interaction you had with other CSOs?	+1
	5	Frequency of dialogue with closest CSO	In the past 12 months how many meetings did you have with the CSO that you have most intensive interaction with?	+1
	6	Defending the interests of marginalised groups	Which CSO are most effective in defending the interests of your target groups? In the past 12 months, how did you relate to those CSOs?	+1
	7	Composition current financial resource base	How does your organisation finance institutional costs such as workshops of the General Assembly (if applicable); attendance to workshops of other CSOs; costs for organisational growth and/or networking?	+2
Practice of Values	8	Downward accountability	To what extent can mandatory social organs (steering committee, general assembly, internal auditing group) ask your executive leaders to be accountable to them?	+1
	9	Composition of social organs	What % of members of your mandatory social organs belong to the marginalised target groups you are working with/for?	0
	10	External financial auditing	How regularly is your organisation audited externally?	+1
Perception of impact	11	Client satisfaction	What are the most important concerns of your target groups? How do your services take into account those important concerns?	+1
	12	Civil society impact	In the past 12 months, what impact did you have on building a strong civil society?	+1
	13	Relation with public sector organisations.	In the past 12 months, what interaction did you have with public sector organisations to realise your programme and organisations' objectives?	+2
	14	Relation with private sector organisations	In the past 12 months, what interaction did you have with private sector organisations to realise your programme and organisations' perspective?	0
	15	Influence upon public policies, rules, regulations	How successful have you been in influencing public policies and practices in the past 2 years?	+2



	16	Influence upon private sector agencies' policies, rules, regulations.	How successful have you been in influencing private sector policies and practices in the past 2 years?	0
<b>CS context</b>	17	Coping strategies	In the past 2 years, how did your organisation cope with these changes in the context that may have been positive or negative consequences for civil society.	+1



# Appendix 4 Changes in civil society indicators between 2012 and 2014

## 4.1 Civic Engagement

### 4.1.1 Needs of marginalised groups SPO

The LPPSLH program supported by Hivos in the 2011-2013 period initially targeted only Banyumas district. LPPSLH was able to expand to two new districts, Banjarnegara and Purbalingga, where two cooperatives were set up following the success in Banyumas. This means that their interventions now cover more people over three districts. Furthermore, LPPSLH has been approached by the local government of Cilacap to replicate similar interventions, with government corporation support. In general the interventions of LPPSLH benefit small-scale, landless sugar producers. The sugar producers in the area are enthusiastic about LPPSLH and many more want to join the cooperative.

LPPSLH assisted the organisation of farmers into cooperatives. All three cooperatives are multi-purpose cooperatives (KSU) with roles in organising farmer groups, training them on agribusiness practices & financial management, monitoring, certifying the sugar products, allocating income for savings, and assisting members to pay off debts. As such, the cooperatives have provided additional services/benefits for the farmers, beyond just functioning to generate profit. The cooperative structure has been selected as a means for civic engagement, where farmers have access and control over the production process and can defend their interests. Through the cooperatives, the quality of organic palm sugar produced by smallholder farmers has been improved and the cooperative has facilitated market access.

The membership increase of the three cooperatives is illustrated in the table below.

**Table 13**  
*LPPSLH cooperative membership 2011-2013*

Name of cooperative	# of members in 2011			# of members in 2012			# of members in 2013		
	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
Nira Satria	34	12	46	No specific data			739	331	1,070
Nira Kamukten	Not yet established in 2011			25	5	30	175	124	299
Nira Perwira	Not yet established in 2011			30	5	35	260	120	380
TOTAL	34	12 (26%)	46	55	10 (15%)	65	1,164	575 (33%)	1,749

Source: Project reports and interviews

**Table 14**  
*Landownership of members*

Name of cooperative	# of land owners	percentage	# of landless	percentage	Subtotal
Nira Satria (2013)	261	24%	809	76%	1,070
Nira Perwira (2014)	101	25%	300	75%	401
Nira Kamukten	No data				

Source: Project reports and interviews

Hivos regarded LPPSLH's intervention as a means to strengthen women's roles and improve their market access since women play an important role in the production of palm sugar. As illustrated in the table above, cooperative membership has been open to women as well as men, with 33 percent of women as members in the cooperative structure in 2013. LPPSLH's management claims that women

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have been able to improve income generation (as small-scale palm sugar production requires males and females within one household to cooperate). LPPSLH also promoted women's representation in the cooperative management structure. However, there's no evidence of LPPSLH's achievements with regards to empowerment since there are no indicators that track the benefits for men and women separately.

From the table above, we can also infer that landless farmers have been able to benefit from cooperative interventions. The percentages of landless farmers is 74 – 75 percent in the cooperatives of Nira Satria and Nira Perwira. This is a significant difference with members owning land.

#### 4.1.2 Involvement of target groups SPO

The involvement of the target groups has increased at the level of the cooperatives. The farmers themselves make up the executive management of the cooperatives set up by LPPSLH. At the start of the initiative the newly set up cooperative had minimal management and organizational skills. With intensive LPPSLH support, they have been able to strengthen these skills, as well as broaden their networks. This has made cooperatives more independent. For example, the executive management of Nira Satria, a cooperative set up in 23 December 2011<sup>61</sup> in Banyumas District, is attracting the attention of new buyers and has received a recognition award from former president Yudhoyono.

Cooperatives hold regular meetings at least every three months and have a general assembly meeting to discuss planning and progress achieved. The internal relation between more 'elite' or persons with more influence and regular members seems to be healthy and democratic. For example, the management personnel of Nira Perwira was replaced due to their poor performance rather than because of a favouritism or the influence of those with more power at the village level.

LPPSLH also maintains an institution-to-institution relationship between themselves and farmers' cooperatives. The accompaniment strategy of LPPSLH is nonpartisan, by which the SPO promotes the independence and self-sufficiency of cooperatives by ensuring they perform properly and have linkages to the government.

#### 4.1.3 Intensity of political engagement SPO

In comparison to the baseline assessment that states that LPPSLH is engaging politically to improve operational rules and regulations for producers, such as for permits to establish market outlets and for the simplification of obtaining a business permit for cooperatives, LPPSLH is currently less politically engaged.

LPPSLH's focus is on improving conditions for small producers and farmers, making political engagement less of a priority unless farmers' issues require political engagement. During the end line assessment, relations with the local government were found to be conducive. Since 2012, relations with the district leader in Banjarnegara have improved, but this is mainly due to external factors (his vision accommodates LPPSLH's initiatives and he is more approachable than his predecessor). Although there's no explicit rule to forbid cooperative members from political engagement, the cooperative generally does not see themselves as interested with such engagement. Their focus is on improving conditions for palm sugar farmers and producers. This is also in accordance with the existing regulatory framework, whereby cooperatives should function to develop economic potential of its members and community<sup>62</sup>.

By law cooperatives are business entities, whose activities are based on principles of cooperation and family values with a critical function to promote economic and social welfare. Although there are no articles in the cooperative Law No. 25/1992 that ban political engagement, this law stipulates that management of the cooperative is democratic and membership is voluntary and open<sup>63</sup>. The definition

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<sup>61</sup> Fedep Banyumas, Profil, "Koperasi Nira Satria". Available from <http://www.fedepbanyumas.com/index.php/profil/koperasi-nira-satria> (accessed 19 December 2014)

<sup>62</sup> Sriro, Andrew I. 2006. *Sriro's Desk Reference of Indonesian Law*. Equinox Publishing

<sup>63</sup> Indonesia. 1992. Undang-Undang Republik Indonesia Nomor 25 Tahun 1992 tentang Perkoperasian. Available from <http://perundangan.pertanian.go.id/admin/uu/UU-25-92.pdf> (accessed 19 December 2014)

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of a cooperative and cooperative principles in the law contain elements of neutrality although they are not specified.

## 4.2 Level of organisation

### 4.2.1 Relations with other organisations SPO

The relations between LPPSLH and other CSOs generally remain the same since the baseline. They still coordinate and cooperate with the same organisations such as consortium KRKP (*Koalisi Rakyat untuk Kedaulatan Pangan Tani*) based in Bogor (as a coalition member) and Organic Farming Network (*Jaringan Kerja Pertanian Organik* or Jaker PO), AOI (Aliansi Organik Indonesia), as well as *Asosiasi Pendamping Perempuan Usaha Kecil* (ASPPIK). The notable change is that LPPSLH has become the coordinator of Komunitas Rembug Tani since 2013. This coalition promotes organic farming and food security in five districts (Banjarnegara, Purbalingga, Banyumas, Cilacap and Kebumen).

Since 2013, LPPSLH, through Hivos as a member of Agri-ProFocus, has been engaged in so-called Agri-Hubs set up to promote farmer entrepreneurship<sup>64</sup>. Agri-ProFocus Indonesia is an open network with members working with agricultural products like coffee, cocoa, palm sugar, rice and others. The coalition has a joint agenda with four focus areas: youth in farming, access to finances, increasing market access and sustainable development models and services.<sup>65</sup> Because activities commenced in 2014, it is too early to say how LPPSLH will benefit from this wider network.

### 4.2.2 Frequency of dialogue with closest civil society organisations SPO

The collaboration and cooperation between LPPSLH and other CSOs (KRKP and Komunitas Rembug Tani Jawa Tengah) has become more regular (once a month). With regards to the palm sugar sector, LPPSLH does not involve other NGOs/CSOs, with the exception of Agriterra in providing financial training in Banyumas district. LPPSLH's staff however have a wide network with other NGOs/CSOs on a range of issues.

### 4.2.3 Defending the interests of marginalised groups SPO

LPPSLH has been able to defend the interests of more people since the baseline as the initial pilot cooperative in Banyumas has grown and LPPSLH has successfully replicated the model to two new districts, reaching more small-scale sugar producers. The majority of the cooperative members are small producers who do not own land. Cooperatives have also successfully included small middlemen into their ranks, and even middlemen who have not joined the cooperative do not rule out that possibility of joining the cooperative in the future<sup>66</sup>.

LPPSLH is basically creating a new export-oriented market of a diversified palm sugar product (also familiar as "crystal coconut or palm sugar"), as an alternative to the traditional palm sugar market (also familiar as "cast coconut or palm sugar") which is dominated by middlemen. In doing this, they have widened the options for palm sugar farmers to produce or sell their palm sugar. LPPSLH is not in a position to eliminate middlemen but to challenge their monopoly. LPPSLH initially met some resistance from middlemen who were afraid of decreasing traditional palm sugar inputs. To overcome this challenge, LPPSLH communicated with middlemen regularly and provided opportunities to integrate middlemen in the new palm sugar value chain. Middlemen buy sugar from farmers with a controlled margin, allowing middlemen to continue with their own economic activities.

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<sup>64</sup> Agri-ProFocus. 2013. *Promoting Farmer Entrepreneurship, Multi-stakeholder workshop: Setting the Agenda for Agri-ProFocus Indonesia*. Bogor, 2 – 4 October 2013

<sup>65</sup> Agri-Hub Indonesia. 2014. *Annual Report 2013 Agri-Profocus Partnership*. Jakarta

<sup>66</sup> Interview with Suratman, Middleman non beneficiary, Purbalingga, 11 August 2014

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LPPSLH's management reported that non-cooperative members have tried to produce crystal sugar, but most of them discontinued the practice since they do not have the ability to market their product according to certain standards. LPPSLH admits that their model requires intensive community accompaniment, access to premium market, and rigorous quality control. Without strong farmers' organisations (via the cooperatives), quality control would not be possible. The cooperatives' quality control unit, known as ICS (Internal Control System), are trained farmers who are responsible to regularly monitor whether crystal sugar is produced in compliance to international export standards. LPPSLH believes that a participative farmer-to-farmer approach is required in addition to control by external actors. Economic incentives are not sufficient guarantees for full compliance by the farmers. Rather, success also requires a social incentive based on principles of solidarity, or belonging. As such, cooperatives have been the most suitable model of choice for LPPSLH.

The inclusion of middlemen has been one of the keys to LPPSLH's successful approach. The relations between middlemen and farmers have a long history and are complex, without instant solutions. Middlemen are often the relatives of producers they buy sugar from or religious leaders. They themselves are sometimes economically vulnerable due to accumulated debts owed to them by farmers, which become sizeable liabilities for them (especially smaller middlemen). In practice, middlemen are still in a position to control prices, especially amongst farmers who they loaned money to. These farmers have little option but to sell their products to middlemen as a means to pay off debt. The inclusion of middlemen has prevented any negative impacts on the social structure, and offers a solution for both farmers and middlemen deadlocked in debt problems. From the evaluation team's interviews with several middlemen, it is evident that while middlemen who join the cooperative can no longer control prices, they prefer the cooperative arrangements as it gives them a more secure cash flow.

#### 4.2.4 Composition financial resource base SPO

In the baseline report, it was stated that 43 percent of Hivos' funds were being used to cover salary costs of LPPSLH's field facilitators. Given that one of the key elements of their model is intensive accompaniment for the cooperatives, and that this model has led to benefits for small-scale producers, the investment in salary costs has been pragmatic and worthwhile.

In their work with palm sugar farmers, LPPSLH has not been able to diversify funding sources since the baseline. Hivos, local governments, and LPPSLH's own contribution continue to be the resource base for interventions. In 2011-2012, Hivos' support constituted 35 percent of the total budgets, the government 41 percent, and LPPSLH 24 percent<sup>67</sup>. The internal contribution has been made possible through LPPSLH's business divisions and activities, which include car rental, consultancy, and *Pusat Pengembangan Produk Rakyat* (P3R) as the main buyer of palm sugar products from the cooperatives.

With the current resource base, LPPSLH's support to the cooperatives could be sustained even without external donor funding. LPPSLH's director reported that the SPO has agreed to follow up a request from the district of Cilacap to assist in the establishment of cooperatives in the area. Cilacap officials met with the Banjarnegara's Department of Industry, Trade and Cooperatives (Disperindagkop) when this evaluation was taking place, leading to the agreement to collaborate. Funding for further replication to Cilacap will come from the district government and CSR programmes of state-corporations'.

The institutional audit for the 2013 financial year does not provide detailed information regarding funding for other LPPSLH projects such as USAID (HIV/AIDS), Ford Foundation (Agroforestry). LPPSLH has been attracting more prominent donors for their HIV project in addition to the existing PKBI-Global fund. Based on the financial audits of 2012 and 2013, it can be seen that HIV/AIDS has been one of LPPSLH's major projects on par with the Hivos-funded palm sugar project in terms of funding amounts.

Regarding LPPSLH's intermediary organisations, the cooperatives have become more financially independent. General Assemblies are conducted by the cooperatives on an annual basis, paid for

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<sup>67</sup> "1002298-Audit Review-FY12", Hivos, 2012

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through their own funds. However, they still require LPPSLH to fund routine certification and quality inspection, monitoring, and promotional activities.

## 4.3 Practice of values

### 4.3.1 Downward accountability SPO

LPPSLH, through the cooperatives, has applied transparency principles well. Cooperative members are informed of the financial conditions and have the right to inquire with the cooperative on these issues or to express their ideas in the general assembly. Cooperative members are also aware of the prices of palm sugar on the international market and profit-sharing mechanisms. The same system has been applied in the cooperatives since the baseline, so there are no changes in how LPPSLH applies accountability.

In LPPSLH itself, there was a change in the position of director in 2013 and also an improvement in the structure of the organization by separating the functions of the executive and the board. During the baseline, the LPPSLH director was also a board member. At present, the new director is no longer part of the board and he reports to the board regularly (every three months). The previous director is now only a board member.

### 4.3.2 Composition of social SPO

From the baseline, up until now the composition of the social organs of LPPSLH remains the same. There are no community members or other persons representing marginalized groups in the social organs. Of note, is that new board members were selected in 2013. LPPSLH chose individuals with significant experience in assisting marginalized groups to become board members, bringing in to some degree a beneficiary perspective into the board. There were no major differences in diversity observed in the mandatory social organs compared to the baseline.

### 4.3.3 External financial auditing SPO

LPPSLH institutional audits have been conducted by professional auditors the fiscal years of 2012 and 2013, in addition to regular project-based audits. This is an improvement compared to baseline findings, especially given that LPPSLH has conducted such auditing using their own funds<sup>68</sup>. Audit of the cooperatives are done by the local cooperative department, as part of reporting material for the annual general assembly. External audits of the cooperative will be conducted within the next year.

## 4.4 Perception of impact

### 4.4.1 Client satisfaction SPO

The beneficiaries are more satisfied with the services delivered than during the baseline. Cooperative members have benefitted from a number of advantages, such as: 1) new knowledge and skills that have allowed them to diversify palm sugar products offered through continuous accompaniment and training provided by LPPSLH; 2) increased earnings; 3) producing a product with a clear international market demand; 4) cooperative and member savings; and, 5) a broadened network. The newly established cooperatives have a large potential membership base as many community members are interested in joining.

As of 2012, LPPSLH reported that 520 Nira Satria cooperatives members' incomes have increased by 35 percent from selling palm sugar, and 30 percent from using energy-efficient furnaces. The

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<sup>68</sup> "LPPSLH Budget final", LPPSLH

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cooperative insurance scheme has covered 7 members who suffered from work accidents. Nira Satria cooperative was able to sell 12 tons of palm sugar a month, with a net profit around 3,000 USD/month from their business<sup>69</sup>. It is safe to assume that currently production and profit have further increased along with the expansion of Nira Satria's membership (see 1.1). In 2013, Nira Satria was able to contribute 50 percent of the costs for certification.

From the evaluation team's interviews with Nira Kamukten cooperative members, it is reported that farmers' incomes before joining cooperatives was approximately IDR 975,000/month. Now they can earn up to IDR 1,680,000/month. In 2012, the Nira Kamukten cooperative had no savings. Total savings currently amount to IDR 120,000,000.<sup>70</sup> Meanwhile, Nira Perwira cooperative members reported that on average, their members have individual savings amounting to around IDR 6 million. The savings can be withdrawn partially once a year (during Ied Mubarak), to ensure it is properly used<sup>71</sup>.

From the perspective of cooperatives' middlemen, they benefit from better cash flow compared to the traditional palm sugar value chain. Having a large base of borrowers, or using their power to dominate pricing, has fewer benefits for them than joining the cooperative. From the perspective of middlemen, who have not joined the cooperatives, there is an interest in joining the cooperative, but they have not done so because they are not fully aware of the potential benefits. Nira Perwira, established in 2012 and officiated in 2013, said that they are currently not prioritizing member mobilization as they want to first ensure their system is well established.

#### 4.4.2 Civil society impact SPO

Since the late 90s, LPPSLH has been involved in strengthening community organisations in Java and encourage their independence. Since the baseline, the number of cooperatives and cooperative members has increased. Two additional sugar cooperatives were established and LPPSLH has provided continuous support to help establish good functioning mechanism within the cooperatives. This has included several aspects such as financial management and other cooperative principles. LPPSLH's interventions also helped build confidence of members to engage with external actors, especially with government officials. Through the cooperative, community members are organized to attain a better economic and social status. This has become evident through better earnings and a better position vis-à-vis middlemen (as described in 2.3).

An improved position vis-a-vis middlemen is an interesting impact to look at as it reflects social mobility, which is a required precondition for a fair, democratic, and inclusive society<sup>72</sup>. However, it is understandable that the impact is still limited. Based on data from the Banyumas Disperindagkop, the palm sugar industry comprises 74 percent of total small-medium enterprises in the district, involving 110,000 workers and 28 cooperatives. Nira Satria, the most successful LPPSLH cooperative, only has around 1,000 members, which is less than 1 percent of the workforce involved in the palm sugar industry of the district.

LPPSLH's management reported that farmers outside the cooperatives have tried to produce crystal sugar, but most discontinued due to an inability to market quality products. LPPSLH's model requires intensive community accompaniment, rigorous quality control, and access to premium markets. As such, it is unlikely that farmers –albeit organized - can benefit from producing crystal sugar without external assistance.

As the intensity of cooperatives' relation with the government is increasing, there is concern from LPPSLH's management that there may be a negative backlash for the cooperatives as governments become more engaged. Government practices are well known to often disregard participative values, be co-optative, and are often considered to be identical with corruption and collusion. The evaluation

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<sup>69</sup> "Annual Review LPPSLH 2012\_Hivos\_Banyumas". Hivos, 2012, p. 7

<sup>70</sup> Sutikno Sutantio, "FGD with Nira Kamukten", MFS-II evaluation 2014

<sup>71</sup> Kharisma Prasetyo, "FGD with Nira Perwira", MFS-II evaluation 2014

<sup>72</sup> Ransford, 1980: 491



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team found that there is ground for such concerns. Nira Perwira cooperative was compelled to pay unexpected additional costs to a government-appointed contractor assigned to build a central palm-sugar processing unit for the cooperative, threatening to stop the construction progress if they refused to do so<sup>73</sup>. Other than this case, the evaluation team did not find further evidence of similar forms of extortion or threats.

#### 4.4.3 Relation with public sector organisations SPO

In May 2013, a tripartite MoU was signed between LPPSLH, the local governments of Purbalingga and Banjarnegara, which laid the groundwork for conducive relations with the government. This was different from Banyumas, where LPPSLH has had interventions for a longer period. During the previous district administration, relations were less conducive. Fortunately, with election of a new district head in April 2013, the Banyumas government has become more approachable and is open to supporting community-oriented development programs.

In Purbalingga and Banjarnegara, where the two new cooperatives were more recently established, LPPSLH is seen as exemplary by the local government. The local government has high expectations that it will be able to replicate LPPSLH's success in Banyumas where the cooperative has been exporting palm sugar and making palm sugar a flagship product in their district. LPPSLH enjoys government recognition and is often approached by the district government. The local government of Cilacap, the neighbouring district, has often solicited LPPSLH's assistance to establish similar cooperatives. LPPSLH have agreed to respond to this request, although knowing that they might have to do it without donor support. The Cilacap district government convinced LPPSLH that there will be enough resources available from the district budget and CSR funds from a state corporation<sup>74</sup>.

Overall, the relations between LPPSLH and the local government have improved. Specifically, LPPSLH maintains relations with district offices that work on similar issues like the Office for Cooperatives and SMEs, Forestry, and Agriculture. The district Office for Cooperatives and SMEs (Dinas Koperasi dan UMKM, in some districts Disperindagkop) has been able to learn from LPPSLH's success in supporting cooperatives. LPPSLH is now perceived as a competent extension agent that can help the government, fill its gaps in intensive accompaniment and marketing skills<sup>75</sup>. The government also admits that from their cooperation with LPPSLH, they have learned to take on a new attitude towards NGOs, whom they perceived of negatively in the past<sup>76</sup>.

As previously mentioned, the cooperative members themselves feel more confident in approaching and engaging local government. Government officials are often invited directly by the cooperative to attend meetings and discussions. On the other hand, government officials also often invited cooperative leadership, or invited other district government to visit the cooperative, for public relations or learning activities.

#### 4.4.4 Relation with private sector organisations SPO

LPPSLH's cooperation with PT.HOLCIM via a CSR scheme for Nusakambangan forest rehabilitation ended in 2013. LPPSLH has not had cooperation with the private sector since. However, as mentioned in 4.3, in the future LPPSLH is likely to receive CSR funds from a state-corporation based in Cilacap to replicate its successful palm sugar cooperative model in this district. However, there is no further information available since LPPSLH is still awaiting a formal agreement with the head of Cilacap's Department of Industry, Trade and Cooperatives.

Institutionally, LPPSLH is not active in the private sector. But LPPSLH's parent foundation's business unit, *Pusat Pengembangan Produk Rakyat* (People's Product Development Center or P3R) does. P3R was initiated in 1995; they source their produce through the cooperatives (the cooperatives are free to sell to others buyers). The cooperatives prefer to sell to P3R that offers a premium price. P3R

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<sup>73</sup> Kharisma Prasetyo, "FGD with Nira Perwira", MFS-II evaluation 2014

<sup>74</sup> Ibid

<sup>75</sup> Ibid

<sup>76</sup> Interview with Agus Riyanto, Industry Division Head Disperindagkop Banjarnegara, Banjarnegara, 11 August 2014

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purchases certified sugar from the cooperative (at IDR 12,000/kg), which is then sold to an exporter. On the international market, palm sugar can fetch a price of between IDR 20-25,000. It is estimated that P3R sells the sugar for IDR 15,000-20,000/kg. Some of the profits go back to LPPSLH's parent foundation that also has a car rental and a construction consulting business unit.

P3R is currently selling at least 90 tons of crystal palm sugar a month<sup>77</sup>, of which mostly is exported to America, Europe, and Japan. This is an improvement from 2012 when they were only able to sell 20 tons/month, indicating P3R is growing into an important market actor. Outside P3R, other prominent crystal sugar sellers are: CV.Inagro Jinawi, KUB Manggar Tuwuh, UD Nira Asli Cilongok, KUB Sari Nira Food, KUB Sari Bumi Purbalingga, and KSU Jatirogo Kulonprogo. For comparison, KSU Jatirogo (another Hivos grantee) sells 150 tons/month<sup>78</sup>, while CV.Inagro Jinawi (ex-LPPSLH staff) sells 80 tons/month<sup>79</sup>. LPPSLH also continues working with a palm sugar exporter company PT. Kampung Kearifan Indonesia (PT KKI), PT Big Tree Farm and PT ALM, however, there is no information on influence to private sector agencies' policies and practices.

Although P3R is increasingly becoming a more important market player, from P3R's perspective, there is no competition with other producers or sellers as they have not yet been able to meet their own quota (200 ton/month). Moreover, the organic certification system stipulates a fixed value chain to enable product tracing, such that each seller has their own designated area or farmer groups. In this scheme, direct competition to source palm sugar is less likely.

#### 4.4.5 Influence upon public policies, rules, regulations SPO

LPPSLH's cooperative model has become well known and an example to the government on how to stimulate economic activities amongst small sugar producers as well as how to establish a functioning cooperative. This has led to more support from the government to the cooperatives. For instance, the District Department of Industry, Trade and Cooperatives waved registration costs for Nira Perwira and Nira Kamukten. The Department of Agriculture supported the cooperative with production tools. The Department for Trade and Industry also provided production tools, assisted in certification and built a central processing unit for Nira Perwira. In addition, the cooperatives have been invited to national and international events to promote crystal sugar as a local product. This outcome has been achieved as a result of LPPSLH's relations with the government, and from the success of LPPSLH's model, which has received media exposure and awards, including:

- 2011, Manggar Manis group (a group under Nira Satria Cooperative) was recognized with the *Ketahanan Pangan Adhikarya Pangan Nusantara* (Food Security) award by former President Yudhyono.
- 2013, Nira Kamukten Cooperative was chosen as runner up of *Kewirausahaan Sosial Berbasis Komunitas* (Community-Based Social Entrepreneurship) competition, British Council.
- 2013 Nira Kamukten Cooperative took first prize in the same competition.

LPPSLH has successfully influenced the government and created awareness amongst government officials to see crystal sugar as a potential product from Indonesia<sup>80</sup>. In prioritizing plans for small-scale district industries, Banjarnegara's Development Planning Agency (Bappeda) used to focus on the

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<sup>77</sup> Arbi Anugrah, "Menengok Cara Pembuatan Gula Semut Organik di Banyumas", *detikFinance*, 26 October 2013. Available from <http://finance.detik.com/read/2013/10/26/122449/2396183/1036/4/menengok-cara-pembuatan-gula-semut-organik-di-banyumas> (accessed 19 December 2014); [Jatengprov.go.id](http://jatengprov.go.id), "15 Ton Gula Semut Siap Eksport", 28 August 2014. Available from <http://jatengprov.go.id/id/newsroom/15-ton-gula-semut-siap-eksport> (accessed 19 December 2014)

<sup>78</sup> Sutarmi, "KSU Jatirogo tingkatkan posisi tawar petani gula", *Antara Jogja*, 23 June 2014. Available from <http://www.antarayogya.com/berita/323434/ksu-jatirogo-tingkatkan-posisi-tawar-petani-gula> (accessed 19 December 2014)

<sup>79</sup> KOMPAS.com, Ekonomi, Inspirasi, "Pentingnya Kemitraan antara Perusahaan dengan Petani", 5 December 2015. Available from <http://bisniskeuangan.kompas.com/read/2013/12/05/1108168/Pentingnya.Kemitraan.antara.Perusahaan.dengan.Petani> (accessed 19 December 2014)

<sup>80</sup> [Jatengprov.go.id](http://jatengprov.go.id), "15 Ton Gula Semut Siap Eksport", 28 August 2014. Available from <http://jatengprov.go.id/id/newsroom/15-ton-gula-semut-siap-eksport> (accessed 19 December 2014)

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ceramics industry, a popular, yet less prospective sector. Purbalingga in the past promoted a Korean-owned cosmetics industry. Now both have prioritized palm sugar as their district priority product, upon realizing that the large majority of small industries are in this sector. District offices in turn have shared their success with other districts in the provinces through promotional activities. As a result, Cilacap district followed in their steps, even trying, unsuccessfully, to develop their own crystal sugar production before finding out that LPPSLH's expertise would be of benefit to them. In their attempt to leverage crystal sugar production, the Cilacap district government has lobbied for CSR support.

In addition, LPPSLH successfully influenced the local government in 3 districts (Banjarnegara, Banyumas and Purbalingga) to protect the palms and coconuts used for the production of crystal sugar from an overuse of chemical fertilizer. As a result, the governments have also campaigned to reduce the utilization of chemical fertilizer on other crops, such as rice, as contaminants could spill into the organic coconut plantation area. The organic certification, of which crystal sugar marketing depends upon, requires such rigorous standards.

#### 4.4.6 Influence upon private sector agencies' policies, rules, regulations SPO

Although LPPSLH contributes to the emergence of new and important actors in the crystal coconut sugar industry and market (thus contribute to its overall growth), the traditional cast sugar industry or market is not affected. Based on data from the Banyumas Department of Industry, Trade and Cooperatives, crystal sugar production in 2011 was only 0.58 percent compared to cast coconut sugar. With such small production ratios of crystal sugar, it is obvious why traditional cast sugar production is still unaffected. Moreover, crystal sugar products are predominately produced for an export market, while cast sugar is mainly for domestic consumption<sup>81</sup>.

In 2013, the Ministry of Industry supported crystal sugar production in Banyumas, Purbalingga, and Banjarnegara with hygienic upgrades in the production. A ceramic tile corporation, PT Arwana Citramulia Tbk, supported the government in their efforts through a CSR scheme<sup>82</sup>. This case, in addition to plans of the Cilacap district government to obtain CSR support (as discussed before in 4.4), demonstrates that more private sector companies are willing to support small-scale crystal sugar producers through CSR initiatives. Although this support is not caused by LPPSLH's direct interventions, LPPSLH's improved relation and influence on the public sector has allowed this to happen.

Another finding of the evaluation is that LPPSLH initiatives have resulted in the emergence of more diversified actors in crystal coconut sugar production. In 2010, an ex-LPPSLH staff member decided to found her own crystal coconut sugar business, CV.Inagro Jinawi. Its current aggregate production is even larger than LPPSLH's P3R. CV.Inagro Jinawi's founder adopted the knowledge and practices gained from her experience with LPPSLH in her approach, although without founding cooperatives. CV Inagro Jinawi is supporting a farmer group called Nyiur Sejahtera, comprising of 748 members in 3 villages<sup>83</sup> and has been recognized through an award from the Ministry of Agriculture in 2013. In Cilacap, the district government attempted to support the production of crystal sugar on its own accord. They intend to obtain CSR support to commission LPPSLH's support in the near future. These cases illustrate that with an unfulfilled market demand for crystal sugar, private sector actors have an interest in replicating LPPSLH's success.

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<sup>81</sup> Arbi Anugrah, "Menengok Cara Pembuatan Gula Semut Organik di Banyumas", *detikFinance*, 26 October 2013. Available from <http://finance.detik.com/read/2013/10/26/122449/2396183/1036/4/menengok-cara-pembuatan-gula-semut-organik-di-banyumas> (accessed 19 December 2014)

<sup>82</sup> Kementerian Perindustrian Republik Indonesia, Siaran Pers, "Demi Meningkatkan Daya Saing IKM Penderes Gula Kelapa Kemenperin Menggandeng Produsen Keramik". Available from <http://www.kemenperin.go.id/artikel/6928/Demi-Meningkatkan-Daya-Saing-IKM-Penderes-Gula-Kelapa-Kemenperin-Menggandeng-Produsen-Keramik> (accessed 19 December 2014)

<sup>83</sup> KOMPAS.com, Ekonomi, Inspirasi, "Pentingnya Kemitraan antara Perusahaan dengan Petani", 5 December 2015. Available from <http://bisniskeuangan.kompas.com/read/2013/12/05/1108168/Pentingnya.Kemitraan.antara.Perusahaan.dengan.Petani> (accessed 19 December 2014)

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## 4.5 Civil Society context

### 4.5.1 Coping Strategies

In mid-2014, the 2012 Law on Cooperatives was annulated through a Constitutional Court decision. This means that the law currently recognized is the predeceasing Law. No. 25/1992. The regulatory change is considered by many as an indicator of the government's intention to protect and support cooperatives<sup>84</sup> as it provides clearer distinctions between cooperatives and corporations (i.e. source of capital, accountability mechanism). To cope with this change, LPPSLH has helped the cooperative administration to comply with the policy although for the cooperatives the change in legislation did not have a significant impact since they did not use cooperative capital certificates to generate capital (such a scheme was allowed under the annulated law).

With regard to potential negative impacts resulting from more intensive relations between the cooperatives and the government (as discussed in 4.2), LPPSLH has asked their field facilitators to pay more attention to issues regarding cooperative transparency and accountability.

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<sup>84</sup> TEMPO.CO, Politik, Hukum, "MK Batalkan Undang-Undang Perkoperasian", 29 May 2014. Available from <http://www.tempo.co/read/news/2014/05/29/063581004/MK-Batalkan-Undang-Undang-Perkoperasian> (19 December 2014)

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Centre for Development Innovation  
Wageningen UR  
P.O. Box 88  
6700 AB Wageningen  
The Netherlands  
T +31 (0)317 48 68 00  
[www.wageningenUR.nl/cdi](http://www.wageningenUR.nl/cdi)  
Report CDI-15-060

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