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# KWLM end line report

MFS II country evaluations, Civil Society component

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This report describes the findings of the end line assessment of KWLM 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 KWLM's contribution towards strengthening Civil Society in Indonesia and it used 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 KWLM contributed; the nature of its contribution; the relevance of the contribution made and an identification of factors that explain KWLM's role in civil society strengthening.

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



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Report CDI-15-066 |

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# Contents

<b>Acknowledgements</b>	<b>6</b>
<b>List of abbreviations and acronyms</b>	<b>7</b>
<b>1 Introduction</b>	<b>8</b>
<b>2 Context</b>	<b>11</b>
2.1 Political context	11
2.1.1 Brief historical perspective	11
2.1.2 Recent trends in the political context	12
2.2 Civil Society context	14
2.2.1 Socio-political context	14
2.2.2 Socio-economic context	15
2.2.3 Socio-cultural context	17
2.3 Civil Society context issues with regards to the MDG	18
<b>3 Description of KWLM and its contribution to civil society/policy changes</b>	<b>20</b>
3.1 Background KWLM	20
3.2 MFS II interventions related to Civil Society	20
3.3 Basic information	21
<b>4 Data collection and analytical approach</b>	<b>22</b>
4.1 Adjustments made in the methodology of the evaluation	22
4.2 Difficulties encountered during data collection	22
4.3 Identification of two outcomes for in-depth process tracing	22
<b>5 Results</b>	<b>24</b>
5.1 Results obtained in relation to intervention logic	24
5.2 Changes in civil society in the 2012-2014 period	25
5.2.1 Civic engagement	25
5.2.2 Level of organization	25
5.2.3 Practice of Values	26
5.2.4 Perception of Impact	26
5.2.5 Civil Society Environment	27
5.3 To what degree are the changes attributable to the Southern partners?	27
5.3.1 Smallholder farmers are organised to produce certified, legal timber	27
5.4 What is the relevance of these changes?	31
5.4.1 Relevance of the changes in relation to the Theory of Change of 2012	31
5.4.2 Relevance of the changes in relation to the context in which the SPO is operating	32
5.4.3 Relevance of the changes in relation to the policies of the MFS II alliance and the CFA	33
5.5 Explaining factors	33
5.5.1 Internal factors	33
5.5.2 External factors	34
5.5.3 Relations CFA-SPO	34

<b>6</b>	<b>Discussion</b>	<b>35</b>
	6.1 Design of the intervention	35
<b>7</b>	<b>Conclusion</b>	<b>37</b>
	<b>References and resource persons</b>	<b>38</b>
	<b>Appendix 1 CIVICUS and Civil Society Index</b>	<b>43</b>
	1. Guiding principles for measuring civil society	43
	2. Defining Civil Society	44
	3. Civil Society Index- Analytical Framework	44
	<b>Appendix 2 Evaluation methodology</b>	<b>47</b>
	1. Introduction	47
	1.1 Terms of reference for the evaluation	47
	1.2 Civil Society assessment – purpose and scope	47
	2. Designing the methodology	48
	2.1 Evaluation principles and standards	48
	2.2 Sample selection	49
	2.3 Changes in the original terms of reference	50
	3. Answering the evaluation questions	51
	3.1 Evaluation question 1 - Changes in civil society for the relevant MDGs/topics	51
	3.2 Evaluation question 2 – “Attribution” of changes in civil society to interventions of SPOs.	53
	3.3 Evaluation question 3 – Relevance of the changes	55
	3.4 Evaluation question 4, previously 5 - Factors explaining the findings	56
	4. Analysis of findings	56
	5. Limitations to the methodology	57
	5.1 General limitations with regards to the MFS II evaluation	57
	5.2 Limitations during baseline with regards to the methodology	58
	5.3 Experiences during end line from in-country teams - Indonesia	59
	<b>Appendix 3 Civil Society Scores</b>	<b>64</b>
	<b>Appendix 4 Changes in civil society indicators between 2012 and 2014</b>	<b>66</b>
	1. Civic Engagement	66
	1.1. Needs of marginalised groups SPO	66
	1.2. Involvement of target groups SPO	66
	1.3. Intensity of political engagement SPO	67
	2. Level of Organisation	67
	2.1. Relations with other organisations SPO	67
	2.2. Frequency of dialogue with closest civil society organisation SPO	68
	2.3. Defending the interests of marginalised groups SPO	68
	2.4. Composition financial resource base SPO	68
	3. Practice of Values	69
	3.1. Downward accountability SPO	69
	3.2. Composition of social organs SPO	69
	3.3. External financial auditing SPO	70
	4. Perception of Impact	70
	4.1. Client satisfaction SPO	70
	4.2. Civil society impact SPO	70
	4.3. Relation with public sector organisations SPO	70
	4.4. Relation with private sector agencies SPO	71
	4.5. Influence upon public policies, rules, regulations SPO	71
	4.6. Influence upon private sector agencies’ policies, rules, regulations SPO	71

5.	Civil Society context	72
5.1.	Coping strategies	72

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# List of abbreviations and acronyms

AAC	Annual allowable cut
AMAN	<i>Aliansi Masyarakat Adat Nusantara</i> (Indigenous Peoples' Alliance of the Archipelago)
BPDAS	Departments for Watershed Management
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
CoC	Chain of custody
Comlog	Community logging
CS	Civil society
CSO	Civil society organisation
CUKATA	<i>Koperasi Kredit Tali Asih</i> (Credit Cooperative/Union Tali Asih)
Disperindagkop	Department of Industry, Trade and Cooperatives
FLEGT	Forest Law Enforcement, Governance and Trade
FSC	Forest Stewardship Council
GNI	Gross National Income
HDI	Human Development Index
HELP	Human security, Ecological debt, Land Tenure, Production and consumption
HuMa	Association for Community and Ecology-Based Law Reform
ICCO	Interchurch Cooperative for Development Cooperation
ICT	Information and communications technology
JAVLEC	Community-based Forest Management Network
JTT	<i>Jatah Tebang Tahnunan</i> (AAC in English)
KHJL	<i>Koperasi Hutan Jaya Lestari</i>
KWLM	<i>Koperasi Wana Lestari Menoreh</i> (Wana Lestari Menoreh Cooperative)
LEI	Lembaga Ekolabel Indonesia (Indonesian Ecolabelling Institute)
MFS	Dutch co-financing system
MoC	Model of Change
MoFA	Ministry of Foreign Affairs
NGO	Non-governmental organisation
Ormas	<i>Organisasi masyarakat</i> (Societal Organizations)
PT	<i>Perseoran Terbatas</i> (Limited Company)
REDD	Reducing Emissions from Deforestation and Forest Degradation
SERF	Social Economic Rights Fulfilment
SKAU	<i>Surat keterangan asal usul</i> (Letter of Origin)
SPO	Southern Partner Organisation
SPTN	<i>Sekretariat Pelayanan Tani dan Nelayan</i>
SSI	Semi-structured Interview
SVLK	<i>Sistem Verifikasi Legalitas Kayu</i> (Indonesia's Timber Legality Verification System)
ToC	Theory of Change
Wageningen UR	Wageningen University & Research Centre
YABIMA	Yayasan Bina Insan Mandiri

# 1 Introduction

This report presents the civil society end line findings of Koperasi Wana Lestari Menoreh (KWLM) 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, KWLM is working on 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 CFAs 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 most important change that took place in the civil society arena of KWLM is related to Civic Engagement and Level of Organisation according to the findings in chapter 5. These findings were obtained through an analysis of documents, a workshop and follow-up interviews with the SPO, and interviews with external resources persons working in civil society organisations that receive support from the SPO; other civil society organisations with whom the SPO is collaborating; public or private sector agents and; external resource persons capable of overlooking the MDG or theme on which the SPO is concentrating.

## *Contribution analysis*

Based upon an analysis of the projects and programmes financed by the Dutch NGOs, four orientations strategic for civil society development were identified: Ensuring that more people from more diverse background are engaging in civil society activities; ensuring that the organisations that receive support from the SPO are capable of playing their role in civil society – intermediate organisations; strengthening the relations with other organisations in civil society to undertake joint activities, and; influencing policies and practices of public or private sector organisations. For Indonesia the focus was on the capacity of intermediate organisations to play their role in civil society and on policy influencing.

Based upon an estimation of the percentage of the total MFS II budget related to interventions that are relevant for civil society, those SPOs whose absolute budgets for civil society were most important were selected for in-depth process tracing on two outcomes related to the above mentioned strategic orientations. The evaluation team conducted a quick assessment on contribution of the other SPOs. KWLM was not amongst those SPOs selected for in-depth-process tracing and only one outcome was selected for the evaluation.

The evaluation team selected one outcome to evaluate the effectiveness of KWLM in civic engagement and level of organisation. Under KWLM, smallholders have been organised to produce certified, legal timber. Smallholders have gained an interest in sustainable community logging because the certified timber can fetch a better price. Credit services have also been offered to smallholders, and this has helped them become less dependent on middlemen. The cooperative model of KWLM, which combines business with sustainable community forest management, has been effective to engage communities and to link communities to a premium market. It has attracted smallholders in the cooperative ranks,



which has grown from 322 persons in 2009 to 1,207 persons in 2014, with another 1,100 waitlisted. KWLM's certification service and transparent timber price calculation are key incentives for community members as it gives better prices for timber products. Active and expanded membership of KWLM is a proxy of participation undertaken by individuals to advance shared interests at different levels. The contribution of the SPO towards achieving this outcome is through combining agricultural services, namely certified timber, the provision of free seedlings and access to credit. A contributing factor has been the enabling environment, where the Kulon Progo government has promoted community forest management and have been keen to learn from KWLM's approach.

#### *Relevance*

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

With regards to the baseline ToC, the interventions and outcomes achieved are relevant because KWLM's ultimate objective is to support the prosperity and autonomy of forest-dependent communities. The delivery of services, in this case certification, credit, the promotion of reforestation, and others has led to support from the public sector, community awareness of the importance of sustaining timber production, and access to markets.

With regards to the context in which KWLM is operating, its interventions and outcomes achieved are relevant because they are in line with the Government of Indonesia's efforts to combat illegal logging and promote community forestry schemes. Pressure to address these issues have arisen from global market actors and consumers, and the Government of Indonesia is keen to maintain its position as an exporter of certified timber.

With regards to the CS policies of Hivos, KWLM's interventions and outcomes are relevant to the Green Entrepreneurship programme. Through this programme, the CFA has supported smallholder participation in markets that are driven by sustainable economic and environmental principles.

#### *Explaining factors*

The information related to factors that explain the above findings was collected at the same time as the data were gathered for the previous questions. The evaluation team looked at internal factors within the KWLM, the external context in which it operates and the relations between KWLM and Hivos.

Internal factors within the SPO that explain the findings are KWLM's position to bridge the communities with private sector buyers as well as being a frontline service provider. KWLM implements a diversified outreach strategy through which it links cooperative members to credit union services. However, there are also inhibiting factors that have affected the extent to which the cooperative has grown. KWLM faces difficulties to maintain cash flows between buyers and the communities, and this is inhibiting the further expansion of the cooperative.

External factors that influence KWLM's achievements have been the growing demands by global markets that imported timber products are certified and come from sustainably managed forest areas. The Government of Indonesia has responded to these demands by developing its own certification system, which has also been applied by KWLM.

Factors that explain the findings that are related to the relation between the KWLM and Hivos are the linkages that Hivos has facilitated between KWLM and Telapak, another Hivos partner that is active in sustainable forest management. This network helped KWLM obtain FSC certification.

The following chapter briefly describes the political context, the civil society context and the relevant background with regards to the MDG/theme KWLM is working on. Chapter three provides background information on KWLM, 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

## 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 county 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 villages. <sup>2</sup>
<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 representation and</b>	Strict control of speech, expression and association.	Burgeoning of CSOs, pressure groups and NGOs following the political euphoria after Suharto’s

<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>voice</b>	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.	fall. 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 Jokowi, 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)

## 2.2 Civil Society context

This section describes the civil society context in Indonesia that is not SPO specific but is 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 &amp; 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 &amp; 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 &amp; 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 performs 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 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.

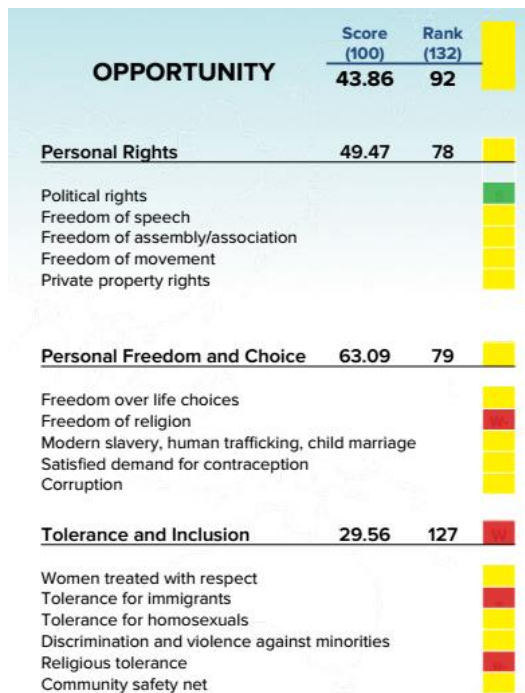


Figure 1 Indonesia’s 2014 Social Progress Index Scorecard illustrating selected elements of the Opportunity component.

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/)

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

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 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.

In 1999 the Government of Indonesia passed the Forestry Law (Law No. 41/1999). This law classified all land into two designations: 1) state forests (*kawasan hutan*) as land bearing no ownership rights and further categorized by three allowable land uses, namely conservation, protection and production forests, and; 2) non-forest estates (*area penggunaan lain*) as those areas designated for non-forestry use such as agriculture and settlement<sup>29</sup>. Law 41/1999 regulated the administrative authority of the forest sector. It was designed to reaffirm control of the forest sector in the hands of the central government after the issuance of Law 22/1999 on Regional Governance, which for a brief period saw district governments taking a proactive role in administering forests and issuing timber extraction permits<sup>30</sup>.

In 2007, the Government of Indonesia issued a regulation on Forest Management Planning (PP No.6/2007) which introduced schemes for community forestry, opening up opportunities for these initiatives to be registered.<sup>31</sup> The schemes granted long-term forest management rights to communities. *Hutan desa* (village forest) is one such a scheme that has the potential to improve the welfare of rural communities. More recently in 2013, the country's constitutional court accepted a petition from the Indigenous People's Alliance (AMAN) to review articles of the 1999 Forestry Law. This resulted in a greater recognition for indigenous people's rights by declaring that customary forests should not be classified as state forest areas<sup>32</sup>.

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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> Rosenbarger, A., Gingold, B., Prasodjo, R., Alisjahbana, A., Putraditama, A., Tresya D. 2013. How to Change Legal Land Use Classifications to Support More Sustainable Palm Oil in Indonesia. Issue Brief. World Resources Institute, p. 6

<sup>30</sup> Barr, Christopher and others (eds). 2006. *Decentralization of Forest Administration in Indonesia: Implications for Forest Sustainability, Economic Development and Community Livelihoods*. Center for International Forestry Research, pp. 43-44

<sup>31</sup> RECOFTC – The Center for People and Forests. 2013. *Community forestry in Asia and the Pacific: Pathway to inclusive development*. Bangkok, Thailand.

<sup>32</sup> AMAN, "Putusan Nomor 35/PUU-X/2012", *United Nations Office for REDD+ Coordination in Indonesia (UNORCID)*, 16 May 2013. Available from <http://www.unorcid.org/index.php/about-redd/redd-in-the-news/sustainable-development/129-landmark-verdict-by-the-indonesian-constitutional-court-separates-customary-forest-from-state-forest> (accessed 25 October 2014)

Nonetheless, there continue to be many gaps in Indonesia's regulatory framework that have allowed for the over-exploitation of natural resources. For example, the Forest Law does not contain clear criteria for land status conversion<sup>33</sup>. Inconsistent legislation has led to different interpretations of existing policies.

In the context of decentralisation, the devolution of power to the subnational level has increased deforestation and forest degradation rates<sup>34</sup>. Local authorities have issued forest permits and permits for estate crop production and mining activities with little concern for sustainable natural resource management. "In essence, the devolution of law-making authority to regional officials has, in the absence of unambiguous laws, transparent processes, clearly defined powers and supervision, resulted in a mixed bag of rules and regulations and hence inappropriate and overlapping permits, such as the issuance of estate crop permits for forested areas."<sup>35</sup>

Despite the above issues, the last decade has seen a unique transformation of the government's position on illegal logging "from denial to open acknowledgement that illegal logging is a severe problem"<sup>36</sup>. Pushed forward by consumer countries and global timber markets, as well as NGO campaigns, timber legality certification gained traction in Indonesia in 2007. Efforts culminated in the enactment of Indonesia's own verification mechanism in 2009. This mechanism is meant to improve the credibility and legality of timber products from Indonesia<sup>37</sup>. An Indonesian Eco-labelling Institute (*Lembaga Ekolabel Indonesia/LEI*) was formed to facilitate the developments of standards compatible with FSC and market demands. In 2011, Indonesia also signed bilateral Voluntary Partnership Agreement with the European Union. This laid the ground work for the European Union's acceptance of the development of a national legality assurance system that could track timber movement from producers to the international market.

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<sup>33</sup> Indrarto, G. B., Murharjanti, P., Khatarina, J., Pulungan, I., Ivalerina, F., Rahman, J., Prana, M. N., Resosudarmo, I. A.P. and Muharrom, E. 2012 The Context of REDD+ in Indonesia: Drivers, agents and institutions. Working Paper 92. CIFOR, Bogor, Indonesia.

<sup>34</sup> Ibid

<sup>35</sup> Ibid, p. 9

<sup>36</sup> Katila, P., Galloway, G., de Jong, W., Pacheco, P., Mery, G. (eds). 2014. *Forests under pressure: Local responses to global issues*. IUFRO World Series Volume 32. Vienna, p. 242

<sup>37</sup> EU FLEGT Facility. 2010. *Scoping baseline information for Forest Law Enforcement, Governance and Trade*. Jakarta

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

## 3.1 Background KWLM

*Koperasi Wana Lestari Menoreh* (KWLM) was officially established in April 2009. Based out of Kulon Progo District, Yogyakarta Province, the vision of KWLM is to develop Kulon Progo to realize a sustainable natural environment that can generate profits for community members in a fair manner<sup>38</sup>. The mission of the cooperative is threefold, namely:

1. To achieve a sustainable natural environment that has optimal ecological and environmental functions;
2. To create jobs for citizens of Kulon Progo, especially for cooperative members;
3. To empower communities in increasing revenues generated from sustainable forestry, agriculture, plantations, animal husbandry and fisheries.<sup>39</sup>

The members of KWLM consist mainly of small-holder timber farmers. Agro-forestry is the predominant livelihoods of residents in Kulon Progo. Farmers cultivate several wood varieties including teak, mahogany, *albaziafalcataria*, Indian rosewood, *hibiscus tiliaceus* and acacia.

Since the beginning, KWLM has been assisted by Bina InsanMandiri Foundation (YABIMA) and Bogor-based PerkumpulanTelapak<sup>40</sup>. Telapak, an environmental organisation, has a wide national and international network from which KWLM has been able to benefit as it was assigned by Hivos to provide direct technical assistance to KWLM. The cooperative model of KWLM is based on Forest Cooperative Lestari Jaya in Southeast Sulawesi. KWLM is a modestly-sized cooperative with members in 15 villages and 12 paid staff members. KWLM's strategy is to create employment opportunities through sustainable forest management and to develop non-timber forest products that have a high competitive advantage. It refers this as 'community logging' (Comlog). KWLM has introduced eco-label certification as a solution to over-exploitation of timber and low commodity prices.

KWLM manages three business units, which are: 1) certified timber, 2) herb and spices, vegetables and other agricultural products, and 3) seedlings. These products are marketed under the name of Poros Nusantara Utama, Ltd, of which KWLM is shareholder. This company is a socially responsible corporation that works together with KWLM and its members. KWLM and PT.Poros are market leaders for certified timber in Kulon Progo district.

## 3.2 MFS II interventions related to Civil Society

Target communities in Kulon Progo face frequent droughts and unsustainable logging practices have led to environmental degradation and economic inefficiency. Until 2010, most of the people in these areas were practicing "wallet" driven logging, meaning if they need cash, they cut their trees. Prior to the intervention, communities had limited access to premium timber markets and no linkages to eco-certification. KWLM introduced community-based forestry and logging standards to help local farmers addressing these issues. As stipulated in their proposal submitted to Hivos for period 2010-2012, main objectives of the program are sustainable forests and the welfare of forest dependent community in Kulon Progo district through introducing this logging standards and increasing farmers' capacity to access premium market.

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<sup>38</sup> "Cooperative Profile: Profil Koperasi Wana Lestari Menoreh", KWLM

<sup>39</sup> "Hivos Application Form A\_KWLM", Hivos

<sup>40</sup> The Forests Dialogue, "Field Dialogue on Investing in Locally Controlled Forestry". Available from [http://theforestdialogue.org/sites/default/files/ilcf\\_indonesia\\_field\\_visit\\_itinerary\\_english.pdf](http://theforestdialogue.org/sites/default/files/ilcf_indonesia_field_visit_itinerary_english.pdf) (26 October 2014)

KWLM's interventions are intended to contribute to developing the capacity of target populations with regards to enterprise and strengthening their economic position. In addition, the interventions are meant to introduce knowledge and innovative strategies that improve the position of small-scale producers who are vulnerable to fluctuating markets and climates.<sup>41</sup> Hivos supported the initiative because of what it considered to be a unique combination of 'business' and 'environment'<sup>42</sup>. The 2010-2012 project followed from earlier Hivos support in 2008-2009 that focused on strengthening KWLM as an organisation, transferring skills and knowledge on sustainable forest management and small-holder certification.

Through the project interventions, members of the cooperative (i.e. smallholders) would obtain a sustainable income through sustainable forest management and the creation of timber and non-timber forest products. KWLM's activities also focused on building farmers' self-reliance and organisational development so that the cooperative would become independent, professional, and self-sustained. This is most closely linked to 'level of organisation' in the CIVICUS framework.

### 3.3 Basic information

Table 8

*Basic information KWLM*

Details	
Name of SPO	: KWLM
Consortium	: People Unlimited
CFA	: Hivos
Start date of cooperation	: 1 January 2010
MDG/Theme	: MDG7ab
MFS II Project Name	: Community-based Local Economic Development through Sustainable Forest Management (Kulon Progo) (Project ID230S01)
Contract period	: January 1, 2010 – November 30, 2012
Total budget	: € 59,558
Other donors if applicable	: N/A
Estimation of % of budget for Civil Society <sup>43</sup>	: 12%

Sources: Project documents

<sup>41</sup> "Hivos Organisational Assessment of KWLM", Hivos

<sup>42</sup> "Kenschets KWLM", Hivos

<sup>43</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.

# 4 Data collection and analytical approach

## 4.1 Adjustments made in the methodology of the evaluation

The evaluation team followed the operational guidelines to a great extent, and was able to hold a workshop with all of KWLM's sub-groups. In practice, the workshop lasted six hours, with full participation of all sub-groups. However, due to unfamiliarity with CS dimensions and the large number of workshop participants, the workshop was not fully efficient. Moreover, most participants were elderly farmers with a limited education background. This led to a difficulty amongst participants in understanding the CS dimensions and questions.

Another obstacle was the lack of participant preparation for the workshop, which in the case of KWLM was understandable. Workshop participants were mostly farmers who did not have time to read and understand 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. The evaluation team had to go over each question several times, explaining each one-by-one. Nonetheless, from the level of response, it was clear that some of the participants nonetheless had difficulties in comprehending the questions.

## 4.2 Difficulties encountered during data collection

During data collection, the team experienced the following difficulties:

- Workshop participants did not really understand, or were unfamiliar with the CS indicators or the CIVICUS framework. They found it difficult to relate KWLM's situation with these indicators, although most of them participated in the baseline process. This lessened the effectiveness of the workshop.
- As a cooperative, KWLM does not have a monitoring and evaluation system in place to measure changes other than those directly relevant to the daily operations of the cooperative. This added to difficulties in finding hard data and affected the agreement on the outcomes.
- KWLM has not experience with an external evaluation prior to the MFS-II base- and end line evaluations, which resulted in a lack of preparation and minimum understanding of common evaluation practices.
- Because of the time frame of the project and that of the end line, few changes occurred since the 2012 baseline. The project ended nine months after the baseline was conducted. As a result, the in-country team focused on reconfirming the findings and assessing the extent to which additional changes had occurred and whether interventions and results were sustainable. Ideally, the baseline assessment should have taken place earlier (in 2010). This would have made it easier to identify and track how changes occurred from base to end line.

## 4.3 Identification of two outcomes for in-depth process tracing

This project was not selected for in-depth process tracing. Given the limitations in the data and information available, only one outcome was selected for quick process tracing. The outcome, "smallholder farmers are organised to produce certified, legal timber" was selected to be measured for effectiveness.

The selection was made with the following considerations:

- This is relevant as the pathway and the outcome reflect the pre-conditions stated in ToC such as 'well organized community, capacity to access market' and 'community environmental awareness'.
- The outcome is relevant to two CIVICUS dimensions, namely 'level of organisation' (the cooperative's ability to organise smallholders) and 'civic engagement' (cooperative members gain benefits from being organised, as well as access to markets).
- 'Prosperous and autonomous communities', which is the ultimate goal of the cooperative, cannot only be measured from a better prices that are offered to members for certified timber, but there are other benefits which as a package contribute to sustainable livelihoods. An increase in the number of the cooperative members reflects that more community members have become more 'prosperous and autonomous'.
- Although improved community environmental awareness –as an impact in civil society- can be seen as an interesting outcome to look at, it will not be traced as a distinguished outcome since it is explained and incorporated as one of the pathways which constructs the chosen outcome.
- As a cooperative, KWLM does not have intermediary organisations (IOs) thus it is most suitable to look at the organisation of smallholders into the cooperative as an indicator for level of organisation.

# 5 Results

## 5.1 Results obtained in relation to intervention logic

Table 9  
Overview of results achieved in relation to project plan KWLM

Result Level	Description	Level of achievement
Main Objective	To provide sustainable income to smallholder forest producers through sustainable forest management and the creation of vibrant enterprise of timber and non-timber forest products.  Implemented in 15 villages, 3 sub-districts, Kulon Progo District. Expected beneficiaries: 2,600 households (min. 30% women actively participate).	Partially achieved: While coverage was expanded to 18 villages, over 4 sub-districts, the number people benefiting as cooperative members was lower than expected. The number of women members in the cooperative is only 20%.
Outcome	Cooperative members' income increased (improved welfare) significantly through better and fairer price paid by the consumers as they confidence of the sustainability of the products that they purchased.	Achieved: Although there is no measurement on whether cooperative members' income has increased, members are making more profit in the sales of timber through KWLM. KWLM timber products for IDR 300,000 more per cubic meter compared to the price offered by middlemen. The cooperative is transparent with its system. The cooperative has also gained trust from regular buyers.
	Forest area is maintained/protected for its economic value to the community.	Partially achieved: There is no base and end line data or Forestry Department data showing any changes forest area. However, there is evidence that the community is active in protecting and replanting the forest area. KWLM provides 10 seedlings for every tree cut for timber.
	Market of certified sustainable timber and non-timber products is expanded.	Partially achieved: An expansion of two buyers of certified wood produced by KWLM to six. However, KWLM still faces difficulties in finding buyers able to pay the amounts necessary for covering operational costs.
Output	An increase in the number of registered members as many as 2,600 by end of 2012	Partially achieved: Membership did not grow as expected, due to additional membership requirements. In March 2012 there were 903 members, which grew to 1,207 during the end line. More potential members have registered but KWLM does not have the capacity to absorb them.
	2,000 hectares of smallholders' forest land receive FSC certificate	Partially achieved: only 417 hectares of smallholders' forest land received FSC certification.
	KWLM produces and sells FSC certified timber products.	Partially achieved: KWLM only produced 800 timber products in 2013. The cooperative has limited capital to optimize production and sales. Plans to set up a saw mill did not materialize.
	Establishment of demonstration nurseries which provide seedlings to KWLM members. 60,000 seedlings for 1,000 ha in 2011 and 130,000 seedlings for 2,000 hectares in 2012.	Insufficient data: KWLM has a separate unit for managing nurseries. Seedling support for 2012-2014 provided by the local government.

Most of the planned results were partially achieved. KWLM's reports to Hivos were not very comprehensive and lacked detailed information. This is understandable considering that they are a local cooperative and many of its members have only received basic education, while KWLM's staff are busy running the cooperative's daily operations.

The main area where KWLM fell short was in achieving expected organisational growth. Membership, production and sales were lower than expected. This could also mean that original targets were too ambitious for KWLM. It is also clear that KWLM has struggled to find a cash-flow system that works for them. There is also no substantial evidence that KWLM had any success in expanding the production of non-timber forest products. Nonetheless, in the last two years KWLM has successfully gained the interest and support of the local government who are looking at ways to replicate KWLM's model.



## 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.

KWLM's main focus is on sustainable timber production. As during the baseline, the cooperative's members are predominantly male, land-owners. Since 2012, KWLM has expanded its interventions to an additional sub-district. The number of members has also increased from 903 in 2012 to 1,207 in 2014. An additional 1,100 people are waitlisted as potential members. KWLM has not been able to absorb a larger number due to cash-flow problems.

Females make up just 20 percent of the current members because entry requirements require members to own land or be involved in timber production, both which are male-dominated. Interventions to support female farmers in the production of herbs and spices did not run as expected because KWLM failed to find buyers.

During the end line, the evaluation team found an improvement in the knowledge and confidence of cooperative staff. Compared to the baseline, staff and members were better informed of KWLM's systems and procedures.

The intensity of political engagement of the cooperative did not change since the baseline. KWLM does not have a specific strategy for political engagement, and in fact bars its members from engaging in politics. This is to ensure that the cooperative is not influenced by the interests of specific political parties.

### 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.

KWLM's relationships with other like-minded actors has remained the same since the baseline. The networks with whom they are involved stem from the period of Hivos' support. Telapak remains its closest ally, representing KWLM at the national level. At the local level, KWLM has strong ties to CUKATA credit union and collaborates with them to provide credit to KWLM members. In fact both share a similar membership base, area of operations, as well as target locations.

The frequency of dialogue with its closest partners has decreased since the baseline. Coordination and collaboration with Telapak has become less routine, since Telapak's support earlier had focused on technical assistance to get the cooperative up and running. KWLM no longer engages with Yayasan Bina Insan Mandiri (YABIMA), with whom KWLM was promoting community logging, since this local organization has become inactive.

The cooperative also has a broadened network with university students, many of whom have taken a keen interest in studying how KWLM runs its sustainable forestry programme and in certified timber.

Although most of KWLM's members own land, these farmers are small-holders in scale and are still dependent on others for market linkages to sell their timber. KWLM has taken over the position of traditional middlemen, and has supported farmers receive better prices for their timber. As a result of KWLM's support, cooperative members have been practicing a more systematized form of logging and have better financial safeguards. They are no longer forced to cut down trees and sell them at

monopolized prices to middlemen when they are in critical need for cash. KWLM has offered them a means not only to see timber at better prices through certification, but also access to credit. KWLM still offers cooperative members swift payments, although there have been some issues relating to cash flow problems. Cooperative members can contact KWLM when they are ready to sell their timber logs, which are then inspected, paid for, and picked up for redistribution to an external buyer.

Compared to the baseline situation, KWLM now has more buyers. The cooperative regularly supplies timber to six buyers who are in the export business. There is still a lack of interest amongst local buyers in more expensive, certified wood. As mentioned before, KWLM has issues with cash flow, since substantial capital is required to purchase ordered amounts from farmers. Payment terms are such that full payments are made upon receipt of the timber, and even then buyers often do not make timely payments.

KWLM also has struggled to diversify its funding resources. Since Hivos funding ended in 2012, no new donors have been identified to provide grants to KWLM. A loan from ICCO has been secured in 2014, which will hopefully help KWLM address the cash flow problems.

### 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.

There has been no change in downward accountability, composition of social organs and in auditing practices since the baseline. With regards to the latter, KWLM has yet to be audited externally since this was requested by Hivos.

KWLM is governed by cooperative principles, which by Law are based on kinship values and on improving the welfare of members. KWLM is accountable to its members, who are aware of the prices at which wood is bought and sold and are informed of the financial conditions. General assemblies are conducted as mandated by law. The cooperative's internal procedures are guided by its bylaws (AD/ART).

The composition of the social organs of KWLM remains the same. KWLM is open for women members but the numbers of women are still limited. As described in above sections, cooperative members are of an 'elite' group and landless farmers are unable to join the cooperative. As such, power relations remain the same, which is internally spread over the Board of Supervisors, Executing Agency and Director.

### 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.

The increase in membership since 2012 is an indicator of client satisfaction. There is certainly no lack of interest from community members in joining KWLM, with more than 1,000 other waiting to join up. It is unfortunate the problems with cash flow have affected KWLM's ability to grow further. In addition, the evaluation team interviewed three cooperative members who complained about late payments being made as a result. However, the general satisfaction remains high.

One of the main impacts of KWLM's work has been in promoting legal timber as a means to improve the bargaining position of members vis-à-vis middlemen. Farmers have better options with regards to whom they sell wood to and are less dependent on middle men since KWLM has facilitated the availability of loans.

Public and private sector actors have taken an interest in KWLM. The cooperative model of KWLM has been replicated in Lampung Province while the wood certification system has been taken up by local governments in East Java. Under the current regulations, all concessionaries and forestry companies have to obtain certification. The government of Kulon Progo has requested KWLM's assistance to provide trainings on the process of certifying wood products. This illustrates that KWLM has been able to provide its services to the public sector and has become a model for replication. In 2013, KWLM was also recognized by the British Council and the Arthur Guinness Fund for its community-based social enterprise and was awarded in the Community Entrepreneurs Challenge.

KWLM continued to maintain relations with local government offices in Kulon Progo District which is characterized by mutual exchanges and partnerships. The Forestry Department has provided seedlings to KWLM and KWLM on its part has transferred its technical know-how and expertise to the government. The Forestry Department is also replicating KWLM's GPS-based inventory system to locate, track and record trees and timber. KWLM has helped streamline district certification processes. Its close relations with government officials earned KWLM the trust to issue letters of origin for the wood they sell without long bureaucratic processes.

With regards to the private sector, KWLM does not seek to influence policies and practices directly. Rather the cooperative's social business model and certified wood products are its selling points for private sector partnership. KWLM offers traceability, chain of custody and a transparent system. As noted above, KWLM sells certified wood to six private companies. The demands are currently much higher than what KWLM can manage to deliver and are constrained by cash flow. KWLM has not been able to negotiate terms of payments and often has to deal with delayed payments.

#### 5.2.5 Civil Society Environment

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 KWLM is coping with that context.

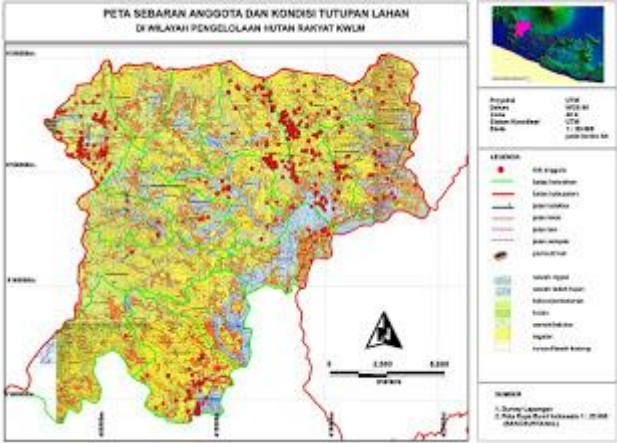
Timber certification and verification has received greater attention of the Government of Indonesia and the global market. KWLM has responded well to this situation, gaining FSC certification and responding to in-country development in the area of certification. KWLM is in the position to promote the benefits of certified timber to the community and provides farmers with a link to the global market. These conditions have been favourable for KWLM whose mission is to support sustainable community logging while ensuring forests are conserved. KWLM plans to diversify its products, expanding from just providing raw, unfinished timber to furniture production.

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

#### 5.3.1 Smallholder farmers are organised to produce certified, legal timber

KWLM was not selected for in-depth process-tracing. The evaluation team was able to identify one outcome achieved in the period up to 2014 for quick process-tracing. This outcome is: "Smallholder farmers are organised to produce certified, legal timber". The indicators for the achievement of the outcome are the increased number of KWLM members and the access to six local buyers who are willing to pay the premium price for certified timber.

During the period of 1980-2007, individual logging was a common practice by communities spread around 17,000 hectares of forest area in Kulon Progo district<sup>44</sup>. This kind of forest management practice endangered the sustainability of forest areas since there was no standard for logging and made community members were reliant on middlemen. KWLM introduced the concept of community forest management in after a pilot supported by Telapak Foundation in Sulawesi was proven to be successful.



Map of Community Forest in Kulonprogo (KWLM)

Cooperatives in the Indonesian context are generally seen effective means to engage and organize communities as it combines social and economic interests. Since KWLM was founded in 2009, its membership base has grown from 322 people to 903 in March 2012, and 1,207 in 2014. Another 1,100 people are interested in joining the cooperative, but have been wait listed. Having more members is considered an indicator of the outcome’s achievement because it means that sustainable community logging practices are taking root and spreading. KWLM has also expanded its interventions to a new sub-district (Nanggulan) following success in Samigaluh, Kalibawang and Girimulyo. As explained in other sections of this report, KWLM has had problems with internal cash-flow and has yet to accept more of the wait-listed members<sup>45</sup>. KWLM is still trying to increase their capital from accumulated profits so that it can accommodate more people in the area. Nonetheless, there is evidence for a high level of interest amongst smallholder farmers to join the cooperative. The government has also been interested in KWLM’s model and has begun to draw from KWLM’s experience and technical know-how.

There are three pathways that could explain this outcome. The first attributes the organisation of farmers to the incentives offered by KWLM. The main incentives are a premium price offered for timber and access to savings and loans. The second pathway attributes the outcome to a greater environmental awareness amongst community members of the importance of sustainable forest management practice. In the third pathway, the outcome is explained by government support for community forest management.

*Information that confirms or rejects the pathways:*

1. Pathway 1: KWLM offers incentives for smallholder farmers to participate in sustainable timber harvesting

<sup>44</sup> Overview of KWLM. Didi Sutadi, “Pemenang Community Entrepreneurs Challenge (CEC) Wave III”, *NihDia.com*, 25 March 2013. Available from <http://www.nihdia.com/2013/03/25/pemenang-community-entrepreneurs-challenge-wave-iii/> (accessed 20 December 2014)

<sup>45</sup> The target as stipulated in the proposal was 2,600 but “accepting more members means that they have to be able to provide cash for the credit to their members” (interview with KWLM Director”, MFS-II evaluation 2014).

KWLM has received two types of certification for the production of legal timber. The first is FSC certification for chain of custody received in 2011 and valid up to 2015. The second is SVLK certification, which KWLM secured in 2012. The costs for certification were covered with Hivos support. This certification provides the basis for KWLM to sell timber at a premium price, and in turn it can offer financial incentives to smallholders interested in joining the cooperative.

*Information that confirms pathway 1:*

Cooperative members earn up to IDR 300,000 more for each cubic meter of certified timber they sell to KWLM. Based on interviews with the cooperative staff and members, middlemen can only offer between IDR 2.8 to 3 million for the same amount of timber that KWLM buys for IDR 3.3 million. KWLM offers better prices for timber products, especially when the location of the logging is near the main road. This is a clear financial incentive for smallholders to join the cooperative. External sources also confirm that one of the selling points of KWLM has been that it can offer 30-40% higher prices than middlemen<sup>46</sup>.

Other than the premium price, cooperative members also appreciate KWLM's transparent price calculations and the ease of transactions. When smallholders sell through the cooperative they obtain a documented calculation and a receipt of payment. When cooperative members are ready to sell their timber, they only have to call or send a message to KWLM, and the cooperative organizes the rest.<sup>47</sup>

The second incentive that KWLM has offered is the improvement of access to financial credit. Prior to KWLM's interventions, trees were cut and sold when community members needed cash urgently. Middle men would be able to offer cheap prices for the timber. Interviews with KWLM and cooperative members revealed that the ability to access savings and loans through a non-monopolized system has been another motivation to join the KWLM. KWLM works with a local credit union, CUKATA to offer loans to its members. Smallholders are able to offer their trees as collateral and can now save money, which is paid out annually to the members. This information was confirmed by the Tosari sub-district leader. Cooperative members are able to benefit from better financial management and no longer have to resort to cutting their trees when a family member falls ill or when they need to pay school fees. Rather, they can save money through the credit union. The bigger their saving, the larger annual benefits they receive at the end of the year.

*Information that rejects pathway 1:*

Through KWLM's system, only four types of wood can be certified, purchased, and resold to retailers, furniture producers or wood exporters. This means that not all types of wood produced by smallholders can be bought at better prices.

KWLM reported in their annual reports to Hivos that membership was not growing according to expected targets due to the fact that community members could not comply with expected requirements. Some of these requirements require potential members to spend money to obtain the right documentation proving their land ownership. This means that while there are financial incentives for joining the cooperative, there are also disincentives.

The management team of KWLM mentioned that it cannot accept 1,100 wait-listed potential members because of cash flow problems. The issues with cash flow have also affected the satisfaction of cooperative members who told the evaluation team that payments are sometimes being delayed.

2. Pathway 2: Community members take up sustainable logging out of a concern for the environment. Community awareness plays an important role in stopping illegal logging practices and in efforts to promote reforestation. Deforestation, climate change and global warming are well-broadcasted issues. Data shows that KWLM conducted outreach/socialization in 4 sub-districts.

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<sup>46</sup> British Council Indonesia, "Profil Pemenang AGF-BC Wave III: Koperasi Wanalestarai Menorah", 19 March 2013. Available from <http://news.britishcouncil.or.id/2013/03/koperasi-wanalestari-menoreh/#sthash.3QeuICAp.dpuf> (accessed 20 December 2014)

<sup>47</sup> Interviews with Wagiman and Suradi, member and field facilitator of KWLM, MFS II evaluation 2014

*Information that confirms pathway 2:*

According to written reports and documents, KWLM invested in undertaking regular socialization meetings to promote community logging in their targeted villages. Socialization covered more than 81 hamlets. Although the main purpose was to attract new members, KWLM's vision and mission (which is to promote sustainable forest management) were spread by these activities. Also, new members, upon joining KWLM undergo orientation on sustainable community logging so that they comply with cooperative standards and certification standards.

Cooperative members interviewed confirmed that their villages were much greener than a couple of years ago. They are aware of the importance of conserving forest areas as a means to sustain their future livelihoods. One cooperative member interviewed said that what motivated him to plant more was that one day he would get a return on his investments. Conservation is thus being seen as a means to secure future financial opportunities.

KWLM applies a system through which it offers ten free seedlings for every tree sold by cooperative members. This stimulates cooperative members to plant more trees. In addition, trees must be a minimum of 20–25 cm (depending on the species) to be cut. These Standard Operating Procedures (SOP) help ensure that forests are conserved<sup>48</sup>.

KWLM's efforts to combine 'environment' with 'enterprise' have been recognized by the Arthur Guinness Fund and the British Council in March 2014 (KWLM won an award "Community Enterprise Challenge Wave III" for 2013)<sup>49</sup>. KWLM was acknowledged for creating awareness among community members of the importance of protecting natural resources.

*Information that rejects pathway 2:*

The evaluation found limited rejecting evidence. There was no indication of illegal logging activities going on in the area, and no media reports were found of such cases. A study conducted by Syahadat (no year)<sup>50</sup> revealed that unorganised initiatives undertaken by communities to manage forests have led to poor forestry practices that are unsustainable and do not produce optimum product revenues.

None of the cooperative members interviewed mentioned concern for the environment as their primary motivation for joining KWLM.

Cooperative members interviewed said that KWLM sometimes 'persuaded' them to sell their timber even though they had rather wait. This is because KWLM had to fulfil orders from their buyers. These practices go against sustainable logging practices and counteract the conservation messages promoted by KWLM.

3. Pathway 3: Government support for community forest management promotes smallholder organisation

*Information that confirms pathway 3:*

The Forestry Law No.41/1999 stipulates that the government supports community logging and forestry. It provides the basis for government recognition of community-based forest management schemes.

The long-term development plan of Kulon Progo district (2005–2025) recognizes the function of communities in managing forest areas and pays special attention to improving the management, conservation and utilization of natural resources in the Menoreh area<sup>51</sup> where KWLM works. The District

<sup>48</sup> PERSEPSI (Perhimpunan untuk Studi dan Pengembangan Ekonomi dan Sosial), "Kunjungan FMU Enggal Mulyo ke Kulon Progo", 24 July 2014. Available from <http://www.persepsi-klaten.org/berita-artikel/kunjungan-fmu-enggal-mulyo-ke-kulon-progo> (21 December 2014)

<sup>49</sup> Didi Sutadi, "Pemenang Community Entrepreneurs Challenge (CEC) Wave III", NihDia.com, 25 March 2013. Available from <http://www.nihdia.com/2013/03/25/pemenang-community-entrepreneurs-challenge-wave-iii/> (accessed 20 December 2014)

<sup>50</sup> Syahadat, Epi. 2006. *Study on Forest Product Administration Orientation in Community Forest as a Basic Reference in Community Forest Usage*. Available at <http://forda-mof.org/files/71.KAJIAN%20PEDOMAN%20PENATAUSAHAAN%20HASIL%20HUTAN%20DI%20HUTAN%20RAKYAT%20SEBAGAI%20DASAR%20ACUAN%20PEMANFAATAN%20HUTAN%20RAKYAT.pdf> (accessed 21 December 2014)

<sup>51</sup> "RJPJ Kulon Progo 2005–2025"

Government of Kulon Progo has expanded the area of community managed forests from 18,731.97 hectares in 2010<sup>52</sup> to 20,177.69 hectares in 2013<sup>53</sup>. This expansion is important because it reflects stronger measures to defend the interests of communities dependent on forests for livelihoods and at the same time recognizes the need to conserve forest areas.

KWLM developed a five-year forest management plan (2010-2014) with a projection that the cooperative would manage up to 5,000 hectares of land. Based on this assumption, KWLM has calculated annual allowable cuts or AAC (jatah tebang tahunan/JTT). Every year, KWLM proposes AACs to the Forestry Department of Kulon Progo based on their latest inventory.<sup>54</sup>

#### *Information that rejects pathway 3:*

While the local government has been supportive of community forest schemes on paper (through policies, for example), they lack technical know-how on how to implement sustainable community logging. This is evident from the fact that they have requested KWLM's support to provide trainings and are also replicating KWLM's timber/forest inventory system.

According to the local parliament, the government of Kulon Progo has not invested sufficiently in developing farming, forestry and plantation opportunities that exist in the Menoreh Mountain area<sup>55</sup>.

#### *Conclusion*

Based on the available data and information, we conclude that all three pathways form a causal package to explain the achievement of the outcome "Smallholder farmers are organised to produce certified, legal timber". KWLM's certification service and transparent timber price calculation are attractive for community members as it gives certainty and better prices for timber products. Pathway 1 is *sufficient* but not *necessary*, while pathways 2 and 3 are *necessary but not sufficient* as it requires pathways 1 to be able to explain the outcome. The package offered by KWLM is primarily grounded in economic incentives, which has also successfully introduced sustainable forestry practices as communities become aware of the importance of maintaining forests for their future livelihoods. Government policies and efforts provide an enabling environment in terms of legal framework and supportive relations.

## 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

In the 2011 Theory of Change (ToC), KWLM's main goal was the development of a prosperous and autonomous forest-dependent community. In order to reach these objectives, KWLM identified a number of conditions, which were: 1) delivery of good services; 2) community environmental awareness; 3) support from the public sector and 4) capacity to access markets. The main assumption was that environmental sustainability and economic resilience had to be linked through sustainable management of forest resources.

Since the baseline, KWLM has not altered its ideas and intervention strategies. The cooperative's main service consistently provided has been its FSC and SVLK certification. In addition, KWLM has facilitated links to savings and loans provided through a credit union. Support from the public sector, although beneficial has not been a necessary factor for the achievement of the outcome. Rather, it has expanded

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<sup>52</sup> KOMPAS.com, "Sertifikasi Kayu Murah Diminati, 8 November 2012. Available from <http://sains.kompas.com/read/2012/11/08/10380835/Sertifikasi.Kayu.Murah.Diminati> (accessed 21 December 2014)

<sup>53</sup> Sutarmi, "Hutan rakyat Kulon Progo 20.177,69 hektare", *Antara Jogja*, 10 March 2014. Available from <http://jogja.antaranews.com/berita/320505/hutan-rakyat-kulon-progo-2017769-hektare> (accessed 21 December 2014)

<sup>54</sup> Menoreh Sustainable Wood, "Penghargaan dari The British Council". Available from <https://menorehwood.wordpress.com/> (accessed 21 December 2014)

<sup>55</sup> Antara Jogja, "Dewan: Pembangunan Antar Wilayah Kulon Progo terjadi ketimpangan". Available from <http://www.antarayogya.com/print/318037/dewan-pembangunan-antarwilayah-kulon-progo-terjadi-ketimpangan> (accessed 21 December 2014)

KWLM's scope of service delivery to government officials in the Forestry Department and aided its ability to provide seedlings to community members as compensation for every tree cut, as well as a means to promote environmental values. While certification has opened access to a niche market, KWLM's capacity to access markets hinges on its ability to fulfil market demands and identify potential buyers. It is in this last area, which is probably the most critical of the preconditions that KWLM has struggled. KWLM's supply of timber is dependent on the production of its members, from whom it buys wood to be resold. Membership has not increased because of cash flow issues. This means essentially that KWLM has not yet found a balance between supply and demand based on available capital.

Regarding community environmental awareness the indicator was that members practice the standard operation procedures in conducting community logging. The evaluation has found that there have been cases when community members have been pressured to sell wood before reaching the ideal diameter so as to fulfil orders. In essence this goes against the very ideals that KWLM has set for itself as an organisation.

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

The interventions and results of KWLM have been relevant both to the local context as well as to current policy directions of the government.

Within the Province of Yogyakarta, Kulon Progo District has the second largest forest area with just over 60 percent (2013) classified as 'hutan rakyat', or community forest<sup>56</sup>. Many timber products in Yogyakarta come from the District. Deforestation in the area has been polemic since the 70s and reached its peak in 1999<sup>57</sup>. This has led to landslides and the loss of ground water resources. Past logging practices have not been sustainable and have caused overexploitation as well as economic inefficiency. According to KWLM, timber production for an area of around 8,000 hectares should be 77,000 m<sup>3</sup>, but has reached 234,000 m<sup>3</sup>, far exceeding sustainable logging standards<sup>58</sup>. As a country, a new study released in 2014 suggested that Indonesia has the highest deforestation rates globally<sup>59</sup>. According to National Statistic Agency (BPS), there are around 14.1 million (2006) forest-dependent communities. For them, community logging is their main livelihood, as it is in Kulon Progo where KWLM works.

In recent years, the District has sought to address deforestation, which was taken up in its Long (2005 – 2025) and Mid-Term (2011-2016) Development Plans. The local government set targets for the expansion of 'hutan rakyat', which were surpassed in 2013<sup>60</sup>. These developments are in line with national policy directions.

The Indonesian government established bilateral cooperation with the European Union through a Voluntary Partnership Agreement (VPA) with the aim to improve forest sector governance and ensure exported timber is legal. To support the implementation of this bilateral cooperation, the Government of Indonesia issued standards and guidelines for sustainable forest management and timber verification in 2009 and 2011, imposing a mandatory certification system for forestry businesses<sup>61</sup>. By 2012, there

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<sup>56</sup> "LKPJ DIY Tahun 2013"

<sup>57</sup> Hardiyanto, Gladi. 2003. *Idealita & Realita Pengelolaan HUTAN DESA di Kabupaten Kulon Progo, Yogyakarta*. Yayasan DAMAR. Available from <http://www.hkmhd.ditbps.com/artikel/Pengelolaan%20HUTAN%20DESA%20DI%20KULON%20PROGO.pdf> (accessed 21 December 2014)

<sup>58</sup> "KWLM proposal 2010", KWLM, 2010, p. 1

<sup>59</sup> Melissa Hellmann, "Indonesia Now has the Highest Rate of Deforestation in the World", *TIME*, 1 July 2014. Available from <http://time.com/2944030/indonesia-now-has-the-highest-rate-of-deforestation-in-the-world/> (accessed 21 December 2014)

<sup>60</sup> Harianjogja.com, "Luas Hutan Rakyat di Kulonprogo Terus Bertambah", 11 March 2014. Available from <http://www.harianjogja.com/baca/2014/03/11/luas-hutan-rakyat-di-kulonprogo-terus-bertambah-495355> (accessed 21 December 2014)

<sup>61</sup> "Yang Legal, Yang Beruntung Laporan Hasil Penjajajagan Perspektif Sektor Swasta terhadap SVLK, Kemitraan 2012



were 202 businesses or units holding certification<sup>62</sup>, KWLM being one of them. In 2014, the Indonesian timber certification and verification system was accepted by the European Union.

KWLM introduced community-based forestry and logging standards to help local farmers address the above issues within the existing regulatory framework. KWLM's promotion of sustainable community logging and access to premium markets is also in line with the momentum gained for REDD+ initiatives. Illegal logging is of relevance to REDD+ because it is an important cause of deforestation and degradation and sustainable forestry management is a priority for REDD+ mechanism<sup>63</sup>.

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

The interventions of KWLM fall under the Green Entrepreneurship programme of Hivos. This programme area, Hivos' largest globally, focuses on "enterprising men and women as catalysts for green socio-economic progress"<sup>64</sup>. Hivos considered KWLM as a farmer-based cooperative that has strong concern on the environment and employment aspects<sup>65</sup>. 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 environmentally sound."<sup>66</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 KWLM was its initiative of combining the 'business' and 'environment' into programme, a relatively new approach for producers organisations in Indonesia. By supporting KWLM, Hivos intended to improve the bargaining position of farmers in order to improve their welfare. In order to achieve this Hivos supported the organisation of farmers into groups or cooperatives to improve their collective capabilities and confidence to engage and link with other stakeholders, such as buyers. Hivos considers cooperatives to be democratically-run and controlled by its members allowing economic benefits to be distributed proportionally, whilst offering a means to sustain without a continued reliance on external donor support.<sup>67</sup>

## 5.5 Explaining factors

### 5.5.1 Internal factors

The Hivos-supported activities do not seem sufficient to achieve the identified outputs and outcomes. Project activities were focused on three big issues: environmental education (called "socialization"), inventory of potential timber supply, and the process of certification. These do not describe how more certified timber will be sold or how this will contribute to an expansion of market, which in turn is meant to lead to increased incomes and incentives to attract more members to the cooperative. These kind of activities require a large proportion of the budget to cover salary costs as well as inventory. Other inhibiting internal factors seem to have been challenges at the human resource level, especially with regards to business and financial management skills. The evaluation team finds that the problems with cash flow are an illustration of these challenges.

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<sup>62</sup> Ibid

<sup>63</sup> Luttrell, C., Obidzinski, K., Brockhaus, M., Muharrom, E., Petkova, E., Wardell, A. and Halperin, J. 2011 *Lessons for REDD+ from measures to control illegal logging in Indonesia*. Bogor, Indonesia: United Nations Office on Drugs and Crime and Center for International Forestry Research

<sup>64</sup> "Hivos Business Plan 2011-2015", Hivos, p. 21

<sup>65</sup> "Kenschets KWLM", Hivos, 2010

<sup>66</sup> "Hivos Vision Paper on Civil Society Building", Hivos, 2008, p. 9

<sup>67</sup> Information based on a questionnaire filled out Hivos Green Entrepreneurship Programme Officer

Supporting internal factors mainly related to KWLM's ability to bridge the communities they support to the private sector. KWLM is in a strategic position both in bridging the communities with private sectors and well as being a frontline service provider. They have offered good incentives for cooperative members which include a 'cash and carry' mechanism of payment, better prices for timber, free seedlings for timber rejuvenation, and linkages to a local credit union, CUKATA. This credit union shares the same founding father as KWLM. This personal link has been the basis for a cooperative relationship. Last, as an organisation with a local basis, KWLM benefits from close day-to-day interaction with the farmers. This, in combination with the incentives they have offered and the extensive socialization, has been important for building trust.

### 5.5.2 External factors

The global market for certified timber products has been one of the driving forces behind the government's renewed interest in sustainable forest management. The increased demand resulted in an expansion of areas certified under the Forest Stewardship Council (FSC), from 833,000 hectare in January 2011 to 1,679,117 hectares in July 2013<sup>68</sup>. The Government of Indonesia's own standards on the legality of timber origins (SVLK) has also strengthened the demand for timber certification of community logging enterprises. KWLM who has both FSC certification for chain of custody and SLVK certification created an incentive for the community to take up sustainable management practices. Smallholder farmers on their own would not have been able to apply for certification without KWLM's assistance.

### 5.5.3 Relations CFA-SPO

Prior to 2010, KWLM had received support from Hivos through a micro-fund project. Through this support KWLM was able to benefit from improved skills and knowledge in forest management, support for the official registration of the cooperative, and supporting FSC certification. However, in the second period of collaboration Hivos was unable to provide direct financial assistance to further enhance staff and member capacity<sup>69</sup> but hired Telapak as a consultant to provide capacity building on sustainable forestry and business development to KWLM. Telapak's support was key in obtaining FSC certification. Of note is that Hivos did not continue its partnership with KWLM after the project closed in 2012 because of a new programmatic emphasis on sustainable food production.

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<sup>68</sup> Andi Fachrizal, "Sekolah Alam Negeri Pertama Berdiri di Singkawang", *Mongabay Indonesia*, 23 July 2013. Available from <http://www.mongabay.co.id/2013/07/23/> (accessed 18 January 2015)

<sup>69</sup> Wishnu Tirta, "FSC Certified Wood", *Poros Nusantara Utama*, 10 January 2012. Available from <https://bogorkurir.wordpress.com/2012/01/10/fsc-certified-wood/> (accessed 18 January 2015)

# 6 Discussion

## 6.1 Design of the intervention

The design of KWLM's interventions did not focus on improving forestry laws and regulations as a means to promote community participation in sustainable forest management. Rather, the focus was on creating a market-oriented instrument through timber certification as a way to bring about more responsible and sustainable community logging. The cooperative model was considered as an institutional tool to garner small-holder participation in the market.

While there is renewed interest in cooperatives as a means to organize farmers, this model has also received criticism. Empirical research on agricultural cooperatives has found that the poorest farmers are the least likely to participate, suggesting that agricultural cooperatives can be rather exclusive<sup>70</sup>. Studies also show that reducing poverty through the cooperative model hinges on inclusion and effectiveness, and that long-term impacts of membership on poverty reduction are rarely monitored or analysed<sup>71</sup>. The evaluation team found that KWLM's membership is not inclusive and that insufficient interventions are undertaken to support entry into the cooperative. KWLM reported that community members were finding it hard to comply with requirements for cooperative membership, but there is no evidence that KWLM addressed the issue. Women's membership remained low, and did not reach the target of 30 percent set at the start of interventions in 2010.

With regards to effectiveness, KWLM's interventions were focused on four areas: 1) socialization, 2) inventory, 3) nursery development and 4) certification. These activities focused more on ensuring that market demands were met rather than direct actions to assist farmers. What was missing in the design was a focus on ensuring a sustainable supply chain, building skills to ensure better cash flow, and providing marketing and business development training for cooperative members. KWLM has not yet found a way to deal with the payment systems applied by buyers, which requires KWLM to have sufficient financial capital to purchase timber from cooperative members up front for which buyers pay for fully upon delivery of the full order of timber.

It is useful to compare KWLM to Koperasi Hutan Jaya Lestari (KHJL), the first community forest group in Indonesia to achieve FSC certification in 2005. During the start-up phase KHJL members were provided intensive training and support on management practices for teak wood. Farmers also benefited from direct capacity building on wood quality, meeting contract commitments and consistency of supply. Intensive monitoring was conducted to ensure production did not surpass community capacity. Members were provided with start-up, no-interest loans that helped them fulfil FSC requirements, particularly obtaining letters/documents to prove land ownership and other permits.<sup>72</sup> KHJL also profited from the support of The Forest Trust, an organisation with extensive links to international factories and buyers<sup>73</sup>.

The elements described above were to a large extent missing in KWLM's interventions. What both cooperatives do have in common is that FSC certification brought them credibility and recognition from the local government. In addition, both KWLM and KHJL worked to organise farmers so that timber could

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<sup>70</sup> Verhofstadt, Ellen and Maertens, Miet. 2014. *Can agricultural cooperatives reduce poverty? Heterogeneous impact of cooperative membership on farmers' welfare in Rwanda*. Bioeconomics Working Paper Series. Working Paper 2014/2. Available from [http://ageconsearch.umn.edu/bitstream/164803/2/BioeconWP\\_2014\\_2.pdf](http://ageconsearch.umn.edu/bitstream/164803/2/BioeconWP_2014_2.pdf) (accessed 18 January 2015)

<sup>71</sup> Ibid

<sup>72</sup> Barr, Robin. 2007. *The Role of Small and Medium Forest Enterprise Associations in Reducing Poverty*. FAO Corporate Document Repository. Available from <http://www.fao.org/docrep/010/ag131e/ag131e24.htm> (accessed 18 January 2015)

<sup>73</sup> Forest Stewardship Council, "Successful Forest Cooperative in Indonesia", January 2013. Available from <https://ic.fsc.org/preview.indonesia.a-614.pdf> (accessed 18 January 2015)

be sold collectively at premium prices. Costs for initial certification were in both instances covered by external donor support.

Essential ingredients for replication of similar interventions as well as sustained success can be summarized as below. These draw both on findings from KWLM and KHJL, as well as general ingredients required for sustainable interventions:

1. A greater focus on building the capacity of farmers;
2. Working within the production capacities of the farmers;
3. Certification costs and salaries need to be factored into the production, sales and profit calculations;
4. Supporting farmers with loans to fulfil FSC or cooperative entry requirements, thus enabling farmers with less capital to participate;
5. Where funds are available, develop interventions that also benefit non-members, especially if membership requires proof of land ownership, which can lead to exclusion of women and poorer farmers;
6. Collaborate with organisations that have links to international markets, especially where national markets are insufficient;
7. Continue to provide premium prices for timber. This contributes to a decrease in illegal logging as well as encouragement for reforestation;
8. Explore and support value added businesses, such as furniture production;
9. Monitor how collective actions through the cooperative model are leading to economic benefits, and;
10. Ensure democratic principles are held up by the cooperative.

## 7 Conclusion

KWLM's 'Community-based Local Economic Development through Sustainable Forest Management' Project supported by Hivos has successfully expanded the opportunities for smallholder farmers to produce certified timber. Certification has allowed small holders, organised by KWLM through a cooperative model, to collectively participate in markets that offer a better price for timber sourced in sustainable ways. While better prices are the main incentives that have resulted in an expanded cooperative membership, community members have come to adopt more environmentally sound logging practices as they understand that future income will depend on maintaining prized forest resources. In addition, KWLM has offered other services to cooperative members to assist them in reforestation and also to become less dependent on middle men who in the past monopolized timber prices. The linkage with a local credit union has been one of the key explaining factors to their ability to attract more small holders.

Hivos support was critical in allowing KWLM to obtain certification from FSC as well as Indonesia's SVLK certification. The services offered by KWLM has resulted in an increase in membership has grown from 322 in 2009, to 903 in 2012 and now consists of 1,207 members. This means that even after Hivos' support ended in November 2012, KWLM continued to expand to engage more smallholders. While these smallholders are benefitting economically from KWLM's support, it should be noted that the stringent standards of certification have also prevented landless and women farmers from directly participating in the scheme. KWLM's efforts to support these groups through the development of other agricultural products has not been successful.

Nonetheless, the changes related to growth of sustainable community logging are relevant to the context in which the SPO is operating in. Global market demands have pushed for timber products to be traceable and sustainably harvested. KWLM is able to participate in this market by creating linkages with local private sector actors. The local government has also demonstrated an interest in KWLM's systems and approach.

Hivos' support has helped to finance FSC certification, which is valid until 2015. It is unclear whether KWLM will try to extend its certification beyond this period, but if it does, this will have financial implications. Moreover, despite KWLM's success, the SPO still faces challenges in maintaining a proper cash flow system. Cooperative members, while still satisfied with KWLM, have started to voice complaints over late payments. KWLM is trying to address matters, but it may need further technical assistance to ensure the issues are fully addressed. In order for the cooperative's interventions to remain relevant to its beneficiaries, it will need to maintain its capacity to manage financial lows, markets, and continue with transparent business practices.

**Table 10**

*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	5
The CS interventions were implemented as designed	5
The CS interventions reached their objectives	6
The observed outcomes are attributable to the CS interventions	6
The observed CS outcomes are relevant to the beneficiaries of the SPO	7

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.
B. Sad Windratmo	KWLM	Chief of KWLM		085292812799, Bernadussadwindratmo@yahoo.co.id
Damarsono	KWLM	Secretary		085228668447
Sukardi	KWLM	Treasurer I		
Slamet	KWLM	Board/ Management team	Staff	081381599272
Rujiman	KWLM	Board/ Management team	Staff	082133718696
Sudiyono	KWLM	Board	Staff	0811258364
Sulasno	KWLM	Member	Beneficiary	082133718696
Mulyono	KWLM	Member	Beneficiary	0811258364
Subagyo	KWLM	Management team		081227828670
Bambang Triwahono	KWLM	Secretary		087839898752
Astuti	KWLM	Management team		081903706189
Mujiman	KWLM	Cooperative member	Beneficiary	
Mudjiman	KWLM	Cooperative Member	Beneficiary	
Senthot	Local forestry office	Head of division		081328243479
Budiharsono	Local forestry office	Chief		
Hadri	Cukata credit	Director	Partner	081804113971

	cooperative			
Suparyanto		Head of Tosari sub-village	Cooperative member	
Suradi		Head of Madigondo sub-village	Cooperative member	
Herny	KWLM	Cooperative head of herbs division		081328795531
Joko	Java Furniture	Marketing manager	Buyer of the cooperative	081328377444
Agung	PT Kwas	Manager	Buyer of the cooperative	081904808010

# 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:

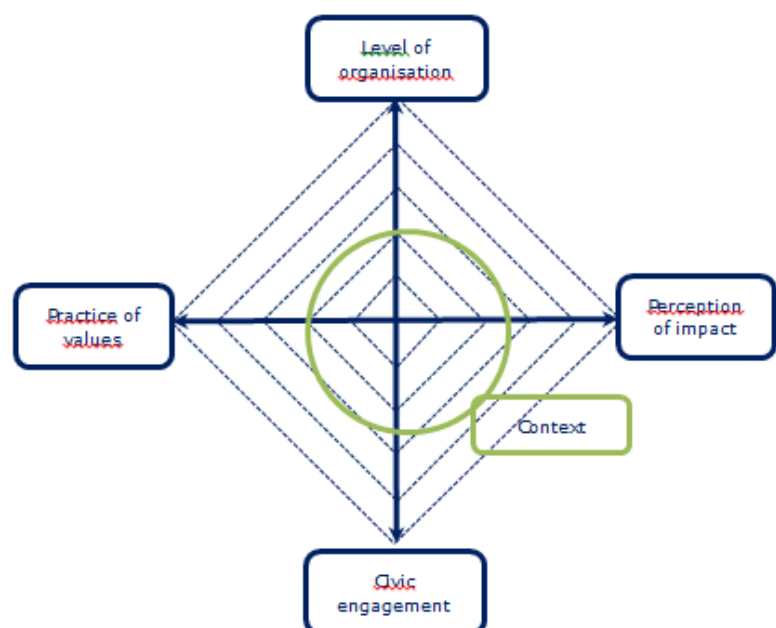
- Democratic decision-making governance: how decisions are made within CSOs and by whom;
- Labour regulations: includes the existence of policies regarding equal opportunities, staff membership in labour unions, training in labour rights for new staff and a publicly available statement on labour standards;
- 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>74</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>75</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>74</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>75</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>76</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>76</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, CECOEDECON, 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>77</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>77</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>78</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>				

1.

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>78</sup> Beach and Pederson, 2013

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 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>79</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>79</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?	0
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?	0
	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?	-1
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?	0
	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?	0
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?	0
	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?	+1
	15	Influence upon public policies, rules, regulations	How successful have you been in influencing public policies and practices in the past 2 years?	+1
	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



CS 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.	+1
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# Appendix 4 Changes in civil society indicators between 2012 and 2014

## 1. Civic Engagement

### 1.1. Needs of marginalised groups SPO

Since the baseline, KWLM has expanded its support to one new sub-district, Nanggulan following the success in the sub-districts of Samigaluh, Kalibawang and Girimulyo. This means that its interventions cover more people now compared to the baseline. In 2012, KWLM reported that it had a total of 903 members in three sub-districts. By the end of 2014, membership had expanded to 1,207 people. In addition, there are 1,100 people who are 'wait-listed' to become new members. However, due to internal cash-flow problems within KWLM, the cooperative has not yet been able to accept a further expansion of its membership base<sup>80</sup>. According to the director, KWLM is still trying to increase its capital from accumulated profits so that it can accommodate more people in the area.

KWLM's members consist mostly of farmers that own their own land. KWLM has provided some support to marginalised or landless households in the area through interventions in the area of herbs and spices, vegetables and other agricultural products. However, these products are not the core business of KWLM.

Female membership in KWLM is much lower than male membership. Just 243 women are members, which constitutes 20 percent of the total membership. This is partially explainable by land registration practices and Islamic Law. The latter prescribes rather complicated rules for the division of property, and generally sons inherit twice as much as daughters<sup>81</sup>. On Java, land certificates are more frequently issued in the names of men (65% as of 1998) rather than women (30%), and only a small portion of households in Indonesia have joint or multiple names registered (5%)<sup>82</sup>. Land rights are generally only titled to women if she owns separate property, while marital property is in the name of the husband<sup>83</sup>. KWLM's eligibility requirements oblige members to own land enabling them to produce timber. In addition, the involvement of women in timber production is so limited because KWLM utilizes farmer's groups as a means to incite participation, which tend to be dominated by a patriarchal culture. Although KWLM's herb business mostly covers women beneficiaries, there is little indication that this business is sustainable or has produced recent results. KWLM used to work together with STPN for the production of herbs and processed food with women members, with STPN providing capacity building support to women. Unfortunately, KWLM and STPN have not been able to find buyers for the products.

### 1.2. Involvement of target groups SPO

Qualitatively, the involvement of target groups has improved. At the start of KWLM's initiatives, Telapak Foundation, as the 'father' of KWLM, intensively supported the newly set up cooperative which had minimal management and organizational skills. The current director, who is also a member of Telapak Foundation, is still the main actor running the cooperative. But compared to the baseline, the other management team members who previously knew very little about how to run a cooperative

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<sup>80</sup> Interview with KWLM Director, MFS-II evaluation 2014

<sup>81</sup> Brown, Jennifer. 2003. *Rural Women's Land Rights in Java, Indonesia: Strengthened by Family Law, but Weakened by Land Registration*. Pacific Rim Law and Policy Journal Association, Vol. 12 No. 3, pp 631–651. Available from <https://digital.law.washington.edu/dspace-law/bitstream/handle/1773.1/737/12PacRimL%26PolyJ631.pdf?sequence=1>. (accessed 15 January 2015)

<sup>82</sup> Ibid

<sup>83</sup> USAID. 2010. *USAID Country Profile – Property Rights and Resource Governance: Indonesia*. Available from [http://usaidlandtenure.net/sites/default/files/country-profiles/full-reports/USAID\\_Land\\_Tenure\\_Indonesia\\_Profile\\_0.pdf](http://usaidlandtenure.net/sites/default/files/country-profiles/full-reports/USAID_Land_Tenure_Indonesia_Profile_0.pdf) (accessed 15 January 2015)

have strengthened their knowledge, skills and have broadened their networks. From evaluation team's observation during the end line workshop, cooperative staff are more confident than in 2012 and are able to speak up for themselves<sup>84</sup>. The director has delegated the tasks of dealing with new buyers, public relations with universities or other cooperatives, and the tree inventory (taking GPS coordinates that are then shared with the local Forest Department) to other staff.

The evaluation team did not observe any significant changes in the involvement of cooperative members in decision-making. Members fulfil a crucial role in certification of wood since they supply FSC certified timber.

### 1.3. Intensity of political engagement SPO

There is no significant change in the last two years in the area of political engagement. KWLM staff can still be considered as 'activists' in the agriculture and food security sector but there is no change in the intensity of individual staff or the organisation itself in participation in locally elected bodies. The organisation remains politically independent. KWLM continues to focus on improving conditions for farmers, making political engagement less of a priority unless farmers' issues require such. Political engagement of cooperative members is forbidden.

## 2. Level of Organisation

### 2.1. Relations with other organisations SPO

In general, the relations between KWLM and other CSOs remain the same since the baseline. KWLM's closest relations with organisations working on similar issues are connected to the Hivos network. At the national level they continue to engage with Telapak, Samdhana Institute and PT Poros Nusantara Utama (PT PNU). Relations with Telapak are characterized as being less dependent since the organisation no longer provides intensive capacity building support. Telapak does still represent KWLM at the national level as KWLM's umbrella organisation.

As mentioned before, KWLM still works together with STPN to provide female members of the cooperative with trainings and technical assistance.

Previously KWLM also worked together with Yabima, however, since the death of its founder, the organisation has become inactive. KWLM's director reported that it has been difficult for KWLM to expand its local networks since there are not many CSOs or cooperatives in the area working on the same issue, i.e. legal timber production<sup>85</sup>. As such, KWLM collaborates more with other cooperatives or credit unions working in the same sub-districts. One of its closest relations is with Koperasi Kredit Tali Asih (or CUKATA), established in 2002. Both share the same founder (Bernadaus Sad Windratmo)<sup>86</sup> as well as members<sup>87</sup>. CUKATA functions to provide credit, while KWLM focuses on sustainable forest management. But both cooperatives share a vision that conservation is not just about the environment, but about providing economic sustainability and upholding traditional and cultural values<sup>88</sup>.

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<sup>84</sup> The baseline reported that members were involved in the consultation, but the management provided the framework, defines the problems and provide solutions. For projects with donor, the involvement of members and non – members is even lesser.

<sup>85</sup> Ibid

<sup>86</sup> Liputan6.com, "[VIDEO] Windratmo, Pengagas Koperasi Pecinta Lingkungan", 10 November 2013. Available from <http://news.liputan6.com/read/742233/video-windratmo-pengagas-koperasi-pecinta-lingkungan> (15 January 2015)

<sup>87</sup> Community Logging, "Pertemuan Refleksi dan Koordinasi Gerakan Community Logging Part 1", 13 March 2013. Available from <http://bumi-sajagad.blogspot.com/2013/03/pertemuan-refleksi-dan-koordinasi.html> (15 January 2015)

<sup>88</sup> KulonprogoNews, "Dua Koperasi di Kulonprogo Sambut Masa Panen Padi", 11 June 2014. Available from <http://kulonprogonews.com/news/dua-koperasi-di-kulonprogo-sambut-masa-panen-padi/> (accessed 15 January 2015)

## 2.2. Frequency of dialogue with closest civil society organisation SPO

The collaboration and cooperation between KWLM and Telapak has become less routine compared to when the cooperative was newly established. In 2012, there was an annual meeting between KWLM and Telapak to discuss project progress and adjustments needed in its strategy<sup>89</sup>. In 2013, KWLM held a national consolidation meeting with its network. There is no evidence of joint initiatives between the two organisations in 2014.

KWLM's most frequent dialogue is with CUKATA because they share the same founder and work in the same sub-districts. As mentioned above, both cooperatives share the same members but intervene in different issues and provide different kinds of support to members<sup>90</sup>.

## 2.3. Defending the interests of marginalised groups SPO

KWLM's strategy in defending farmers' interests remains the same compared with the baseline, but in terms of quantity, the numbers have increased. KWLM supports farmers to defend their interests through:

1. Encourage conservation by planting more and more trees: KWLM provides 10 seedlings to cooperative members each time they cut a tree. Members are not allowed to cut trees under a certain age.
2. Better financial capacity (through a savings and loans mechanism): Before joining the cooperative, members tended to cut trees whenever they needed money to fulfil their needs. Middle men would take advantage of the need for cash by buying up wood cheaply. Now cooperative members can take out loans, using their trees/wood as collateral.
3. Increased earnings from premium priced wood. KWLM offers IDR 300,000 more per meter cubic of teak wood compared to middle men.
4. Price transparency and clearer market prospects: producers are now more aware of the value of their products.
5. Broadened network: There are many university students now doing research in KWLM target locations about certified wood for their thesis or dissertations. This has helped 'spread the word' about KWLM since many of the resulting works are available on the internet. ICCO has agreed to provide a loan to KWLM through its credit union.

While the community logging project is exclusively for farmers whose land, KWLM has been trying to address the interests of landless farmers through herb and spices, vegetables and other agricultural products.

KWLM sees itself as a social business because it seeks to address problems faced by farmers. According to KWLM, the position of middlemen has become less dominant. It also claims to have contributed to a decrease in illegal logging activities by offering income generating activities through legal timber.<sup>91</sup>

## 2.4. Composition financial resource base SPO

KWLM is still struggling to diversify its funding sources. KWLM still relies in the first place on donor grants for promoting community logging. Post-Hivos support (which ended in 2012), KWLM has not been able to attract other donors. Hivos chose to work with cooperative models as a means to sustain the delivery of services to their members<sup>92</sup>. Although its scheme is promising, KWLM has problems with cash flow, which has limited their ability to expand their business, and in turn has affected

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<sup>89</sup> Interview with KWLM executive, MFS II evaluation 2014

<sup>90</sup> According to an online source, in January 2015, Cukata had 1,439 members and KWLM had "more than 1,000" members. It is unclear how many of the members overlap.

Wahyu Tri Atmojo, "Koperasi Wana Lestari Menoreh dan Koperasi Cukata", *PLUT-KUMKM*, 15 January 2015. Available from <http://www.plutjogja.com/koperasi-wana-lestari-menoreh-dan-koperasi-cukata/> (accessed 15 January 2015)

<sup>91</sup> Gustyanita Pratiwi, "Konglomerasi Sosial a la Perkumpulan Telapak", *SWA*, 9 November 2012. Available from <https://swa.co.id/entrepreneur/konglomerasi-sosial-a-la-perkumpulan-telapak> (accessed 15 January 2015)

<sup>92</sup> Miranda, PO Hivos GE Portfolio

member satisfaction. KWLM's scheme is for certified wood to provide income to fund KWLM's activities, assuming that buyers, who are mostly furniture export companies, are willing to pay a premium price. These buyers often pay out the full amount once they receive the wood from KWLM. In the meantime, KWLM pays out its members individually. This means that there is a gap from the time when KWLM purchases the wood from its members to when it receives payment from the furniture companies, who sometimes do not pay on time. The issues with cash flow have restricted a further expansion of members. Members have also complained that KWLM has started to make late payments to them.

In the current condition, KWLM needs IDR 2.4 billion to buy wood from its member. Their current reserve is just IDR 300 million and buyers' down payment of IDR 600 million IDR. They fall short of IDR 1.5 billion in reserves to purchase wood from its members until they receive the full payment from buyers. To cope with this, KWLM has tried to borrow money from various sources, one of which being a soft loan from ICCO, secured in December 2014. Inevitably, they are found in a position where they often have to postpone payments to members.

Another challenge with KWLM's cash flow problem is that most timber producers tend to sell in certain periods (Ied Mubarak, for instance), such that KWLM has to ensure that it has sufficient reserves for months when transactions are high.

### 3. Practice of Values

#### 3.1. Downward accountability SPO

KWLM is governed by cooperative principles in the decision-making process and how they run their business.

In Indonesia, the ultimate goal of a cooperative is the welfare of its members. In other words, while it may be a profit-making entity, its services and capital benefit its members. Economic benefits are distributed proportionally to members based on their level of participation in the cooperative. Cooperatives have an important social function since they mobilize members for a common interest.

There has been no change in the downward accountability of KWLM, as it remains accountable to its members as in 2012. 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. During annual general assemblies, members are guaranteed equal rights and voice. Cooperative members are also aware of the prices and the volumes of wood sold to the cooperative. KWLM also discloses the price of the wood sold to its buyer and the profit-sharing mechanisms with its members. The same system has been applied in the cooperative since the beginning, so nothing has changed in the way KWLM applies accountability.

#### 3.2. Composition of social organs SPO

There is also no change in the composition of KWLM's social organs. The 20 founders of KWLM and the majority of the management of the cooperative are an 'elite group'. This is illustrated by the fact that only community members who own land can apply for membership, while landless farmers are excluded from joining the cooperative. These power relationships have not changed.

KWLM has an effective separation of authority between the executive and the regulatory body. The highest authority is the General Assembly that meets every 3 years or less if needed. Underneath it is the Governing Body and the Board of Supervisors, as well the Executing Agency with its Director. Each organ's rights and duties have been drawn up in detail in the bylaws (AD / ART). However, most strategic discussions are still dominated by the Chairman. Because the Hivos grant was managed separately, most members did not know about its administration.

From the baseline, up until now the composition of the social organs of KWLM remains the same. KWLM is open for women members but the numbers of women are still limited.

### 3.3. External financial auditing SPO

The cooperative has never been audited externally, although in their budget proposal KWLM allocated IDR 20,000,000 for an organizational audit<sup>93</sup>. This situation is similar with the baseline where the external audit was conducted at the request of Hivos. Also, the administration of the Hivos grant is not subject of the internal procedures of the cooperative and as such are not discussed in the General Assembly or consolidated in financial reports.

## 4. Perception of Impact

### 4.1. Client satisfaction SPO

The trend of increasing cooperative members number was identified in the baseline as one of the indicators of success linked to the increased demand for sustainable forest products. The increased membership can be considered evidence of member satisfaction, as does the large number of membership applicants that are still waiting to join the cooperative once cash flows have improved.

Nonetheless, the evaluation team found dissatisfaction from members with regards to the swiftness of payments. During the baseline, one of the key benefits of KWLM identified was its 'cash-and-carry' scheme. However, as mentioned in 2.4, KWLM's current cash flow problem has caused dissatisfaction among some KWLM members<sup>94</sup>. In addition, the evaluation team found that members sometimes are 'persuaded' to sell their wood to KWLM to meet external demands (during months when demand is very high). This is sometimes not in line with aspirations of the members themselves. The benefits described under 2.3 still outweigh these complaints, and as such the evaluation team still rates that there has been an improvement in client satisfaction.

### 4.2. Civil society impact SPO

KWLM gives its members the option to whom they want to sell their timber to, thus providing grounds for a better bargaining position of its members vis-à-vis middle men; and this is a proxy of empowered community groups being able to defend their interests. Before joining the cooperative, community members would sell their trees to the middle men whenever they needed cash. This allowed the middlemen to monopolize prices. Since joining the cooperative, members have learned how to apply financial planning. KWLM has helped them access loans from credit unions when needed. Farmers have become better organised through the cooperative system. By joining KWLM, and following the certification procedure, cooperative members have benefitted economically. They are able to sell their timber to KWLM for IDR 300,000 more than the prices offered by middle men. In addition to this benefit, cooperative members relatively have a better financial well-being compared with non-members as they have access to financial credit, using their uncut trees as collateral for loans. From a sustainable forest management perspective, this mechanism is beneficial to farmers as well as to forest conservation.

As mentioned by a KWLM management team personnel, the cooperative model of KWLM has been replicated in Lampung Province with the assistance of Telapak Foundation. The wood certification system of KWLM was also replicated by the local government of Pasuruan and Ponorogo Districts, East Java. This means that the coverage of services has been both directly and indirectly influenced by KWLM.

### 4.3. Relation with public sector organisations SPO

There was no significant change in the relation with public sector agencies in the last two years. Since the baseline, KWLM has had conducive relations with district level government offices. The relationship

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<sup>93</sup> "Budget calculations 2010-2012", KWLM

<sup>94</sup> Interview with KWLM Director, MFS-II evaluation 2014

is characterised by mutual interests. For example, the Forestry Department has donated seeds to the cooperatives while KWLM has provided technical expertise to the office through trainings and by sharing its best practices. Other offices with whom KWLM maintain relations with include the Departments for Watershed Management (BPDAS) and the Department of Industry, Trade and Cooperatives (Disperindagkop).

#### 4.4. Relation with private sector agencies SPO

KWLM functions as a "good" middlemen and this role requires KWLM to function as a private sector agency to smoothen the relationship with buyers. KWLM managed expand its market since the baseline. There are now 6 furniture companies working with the cooperative. These companies are satisfied with quality of wood supplied by KWLM. Java Furniture, a furniture exporter in Yogyakarta, has become KWLM's permanent buyer. The company actually needs around 24 cubic meters of certified teakwood per month, but KWLM is only able to provide 16. Since the cooperative directly sells the wood to export companies, they are able to obtain a premium price. KWLM has been successful in linking the farmers to larger buyers. Although KWLM has taken up a 'middle man' role, their cooperative mechanism ensures that they are accountable to the farmers and that their activities contribute to improved welfare.

KWLM has tried to seek out partnerships with bonafide and reputable buyers so that payments are settled punctually. KWLM does not sign agreements with companies who do not have clear, continuous demands for certain quantities of wood or do not have secure markets.

#### 4.5. Influence upon public policies, rules, regulations SPO

In the baseline, there was no indicator to show KWLM's influence on policies, rules and regulations in the sector. The project was also not intended to influence public policies and practices, but rather focused on creating a better system of trading and increasing the value of timber, as well as maximizing non-wood products. There is not much evidence in progress reports on lobby and advocacy to influence public policy. However, because of longstanding relations with district authorities, as claimed by KWLM Director, they have influenced district policy through streamlining the certification process at district level. In 2014, KWLM was entrusted by the local government to issue 'origin of wood documents' (surat keterangan asal usul/SKAU). In the past, only appointed local government staff had the right to issue these documents. This permission simplifies the procedures for KWLM to sell wood to other parties. The GPS-based tree inventory system applied by KWLM has impressed the local forestry department, who are now trying to replicate the system. KWLM has also implemented an Annual Allowable Cut (AAC) system or 'jatah terbang tahunan' (JTT) in Kulon Progo District, which has socialized to the local government. AAC is a mechanism that calculates the amount of wood permitted for harvest each year to ensure productivity and sustainability of forests.

KWLM's model has become well known and is an example to the government on how to improve the economic welfare of communities, whilst conserving forest resources and allow communities to manage these resources. The wood certification system of the cooperative has been replicated in Pasuruan and Ponorogo Districts. Recently, the local government issued a regulation obligating all timber production to be certified. The Kulon Progo District Forestry Office has asked KWLM to train the persons in charge of the wood certification system.

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

In 2012, KWLM's involvement in improving the position of small scale forest entrepreneurs was still at the stage of initiation, so its influence on the market for timber was still limited. In 2014, the relations of the cooperative with the public sector has broadened in terms of coordination and information sharing, but KWLM has still not been able to influence the private sector agencies' policies, especially the "terms of payment" of its buyers. KWLM has not found a strategy to negotiate with the private sector for more suitable payment conditions. They often face problems because their buyers are two weeks to two months late with payments, in some cases even later.

## 5. Civil Society context

### 5.1. Coping strategies

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. The revision was welcomed by many as since it protects and support cooperatives as it provides clearer distinctions between cooperatives and corporations. Since the passing of the 2012 Law, the growth of cooperatives had slowed and the former law allowed non-members to inject capital into the cooperatives and take control of cooperatives<sup>95</sup>. The Law did not have implications for KWLM because its main mission is to conserve forest resources and improve the economic welfare of farmers. In addition, KWLM has from the start been run in such a manner that profits of the sales of timber were returned to its members, which is in line with the principles of the 1992 Law.

In 2011, KWLM obtained FSC certification for forest management and chain-of-custody (CoC). FSC is one of the two certification schemes with an international scope. KWLM is one of the 74 CoC holders for logs (Category W1 Rough Wood) in the country<sup>96</sup>. KWLM also responded to legislation that was passed in 2009, followed by further implementing regulations in 2011 on Indonesia's Timber Legality Verification System (*Sistem Verifikasi Legalitas Kayu/SVLK*). SVLK emerged as in response to increasing pressure from export markets and the passage of policies in consumer countries. Fearing doors to international markets would be closed, SVLK represents and institutionalized effort to support the legality of timber products.<sup>97</sup> SVLK regulates that forestry businesses (concessionaries and companies) must obtain certification. KWLM successfully responded to these policy developments and obtained SVLK certification in July 2012<sup>98</sup>.

SVLK is becoming the dominant system for legal timber, and is being promoted by the Ministry of Forestry over FSC schemes<sup>99</sup>. Given that KWLM's FSC certification is set to end in 2015, SVLK certification is important for the sustainability of KWLM's activities. In addition, the European Union, one of the main importers of Indonesian timber products, has ratified the Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreement with Indonesia in February 2014. This establishes the acceptance of timber products with SVLK certification and establishes SVLK as the key instrument for assuring the legality of exported products originating from sustainable forest management<sup>100</sup>. Of note is that SVLK has been criticized by NGOs for its weak standards and shortcomings in implementation<sup>101</sup>. Nonetheless, for KWLM obtaining certification ensures that its products are eligible for export and guarantees a market base.

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<sup>95</sup> MSME News Network, "Indonesia court annuls Cooperatives law", 30 May 2014. Available from <http://www.msmentnewsnetwork.com/asia-pacific/news/item/2816-indonesia-court-annuls-cooperatives-law> (accessed 15 January 2015)

<sup>96</sup> Forest Stewardship Council, "Welcome to the FSC Public Search". Available from <http://info.fsc.org/> (accessed 15 January 2015)

<sup>97</sup> Katila, P., Galloway, G., de Jong, W., Pacheco, P., Mery, G. (eds). 2014. *Forests under pressure: Local responses to global issues*. IUFRO World Series Volume 32. Vienna, p. 242

<sup>98</sup> Bellina Rosellini and Igg Maha Adi, "Siapa Bilang Kayu Bersertifikat Tak Laku?", *Nature Green*, 17 November 2012. Available from <http://naturegreen.i.gp/kayubersertifikat.php> (accessed 15 January 2015)

<sup>99</sup> Rely on Rowlinson, "Indonesia promotes SVLK over FSC", 17 September 2013. Available from <http://www.ttjonline.com/news/indonesia-promotes-svlk-over-fsc> (accessed 15 January 2015)

<sup>100</sup> WWF Global, "Improve Timber Legality Assurance System (SVLK)!", 20 March 2014. Available from [http://wwf.panda.org/what\\_we\\_do/how\\_we\\_work/conservation/forests/?218130/Improve-Timber-Legality-Assurance-System-SVLK](http://wwf.panda.org/what_we_do/how_we_work/conservation/forests/?218130/Improve-Timber-Legality-Assurance-System-SVLK) (accessed 15 January 2014)

<sup>101</sup> Mongabay.com, "Indonesian logging giant pulls out of FSC certification scheme", 22 June 2013. Available from <http://news.mongabay.com/2013/0622-april-fsc.html#fhHjzXpQtPAIsmMg.99> (accessed 15 January 2015)



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