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EVALUATION REPORT

UDF-INS-08-254 Strengthening Local NGOs in Areas where Extractive Industries Operate (Indonesia)

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The views expressed in this report are those of the evaluators. They do not represent those of UNDEF or any of the institutions mentioned in the report.

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Table of Contents

I. EXECUTIVE SUMMARY 1

II. INTRODUCTION AND DEVELOPMENT CONTEXT 6

(i) Project and evaluation objectives 6

(ii) Evaluation methodology 7

(iii) Development context 7

III. PROJECT STRATEGY 9

(i) Project approach and strategy 9

(ii) Logical framework 12

IV. EVALUATION FINDINGS 14

(i) Relevance 14

(ii) Effectiveness 16

(iii) Efficiency 20

(iv) Impact 20

(v) Sustainability 21

V. CONCLUSIONS 22

VI. RECOMMENDATIONS 23

VII. ANNEXES 25

ANNEX 1: EVALUATION QUESTIONS: 25

ANNEX 2: DOCUMENTS REVIEWED: 26

ANNEX 3: PERSONS INTERVIEWED 28

ANNEX 4: ACRONYMS 30

I. Executive Summary

(i) Project Data

The "Strengthening Local NGOs in Areas Where Extractive Industries Operate" project sought to enhance trust-building and cooperation among local governments, nongovernmental organizations (NGOs) and extractive industries by strengthening the capacity and credibility of NGOs as partners in corporate social responsibility (CSR) programs. The focus was on improving the ability of local NGOs to forge permanent partnerships with companies and local governments in CSR policy design and implementation. The project worked with three types of stakeholders locally and nationally: (i) local governments, (ii) extractive companies and (iii) NGOs/community-based organizations (CBOs). Its operations involved (i) needs assessment by local stakeholders; (ii) promotion of interaction among local NGOs, local governments, and extractive industries through national workshops designed to build trust and forge partnerships; (iii) local workshops, capacity-building, and a microproject competition among 20 local NGOs, and (iv) support for the implementation of 12 microprojects focusing on CSR systems, poverty reduction, and gender equity.

The project was implemented by the Institute for Research and Empowerment (IRE) in five districts (Bojonegoro, West Sumbawa, East Kutai, Kutai Kartanegara, Anambas) located in four regions of Indonesia where extractive industries operate (Java, Kalimantan, Sumbawa, and Sumatra), working directly with local stakeholders.

The "Strengthening Local NGOs in Areas where Extractive Industries Operate" project was a two-year effort funded by a UNDEF grant in the amount of US$350,000. The project ran from 1 November 2009 to 30 October 2011. According to the project document, its main activities would consist of:

- a diagnostic review and NGO needs assessment with respect to CSR practices;
- training for NGO capacity-building and support;
- formulation and implementation of pilot projects with NGOs;
- local and national workshops for local governments, NGOs, and extractive industries
- the publication and dissemination of information on best practices to encourage related parties in extractive regions across Indonesia to replicate similar activities launched by the Institute for Research and Empowerment (IRE).

(ii) Evaluation Findings

All planned activities were implemented on time and according to schedule. The capacity of 40 NGOs was strengthened and 12 CSR microprojects were implemented. Interaction between companies, local governments, and local NGOs took place at both the local and national levels. The draft regulation that, according to the project document, was to be submitted to the Ministry of Environment as a regulatory umbrella did not materialize but was replaced by recommendations promoting NGO involvement and the partnership model.

The project's objectives were **relevant,** given the legal and fiscal requirements governing CSR, the degree of poverty in extractive areas, the lack of enforcement of CSR policies, and the lack of attention paid to civil society engagement and NGO involvement as direct benefits of CSR policies. According to official statistics, the five targeted districts were among the poorest in Indonesia and had previously encountered problems with civil society organizations. The project's strategy of identifying and working directly with local

NGOs/CBOs, local governments, and companies at the district level brought project activities closer to beneficiaries. Meeting with all parties involved was an important first step in building mutual trust to facilitate a common understanding of CSR challenges, including those related to civil society engagement. All stakeholders expressed their concerns. Companies and local governments must pool local civil society resources if they are to have a visible impact on the community with which they are working. Most participating NGOs said it was the first time they had had the opportunity to meet directly with companies and local authorities. The cascading nature of the project made it easier to reach the grassroots level. However, the project risks and problems working at the district level in terms of corporate and local government commitment were neither adequately identified nor addressed during the design and implementation phase. The specified outcomes were ambitious, given the outputs expected to contribute to them. It appears to have been assumed that putting stakeholders together and sharing knowledge through local and national workshops, NGO training activities, and microproject experiences would be sufficient to alter perceptions and create stakeholder partnerships for joint CSR policy design and practices.

The IRE project's intervention strategy with selected NGOs/CBOs detracted from its overall coherence and was inadequately responsive for multistakeholder partnerships. The diagnostic review and needs assessment did not capture the information needed for project implementation. There was no contextual information on CSR budget allocation per district, the degree of CSR integration in local development planning, the nature of civil society engagement with stakeholders, budget allocations to NGOs, or data to assess what specific CSR practices had achieved thus far and what was needed in terms of local NGO capacity-building to improve these organizations' credibility with stakeholders. From the standpoint of poverty and gender equity issues, CSR performance was completely ignored. No reference was made to the existing Kutai Timur CSR forum and the value added that IRE could bring to it. Although it was clear that the situation on the ground influences the nature of CSR partnerships and civil society engagement, the needs assessment was not used to modify the agenda for local action, and the absence of a multifaceted approach tailored to the local situation and stakeholder needs also detracted from the project's coherence. This was due primarily to the lack of methodological guidance and information on CSR policies, practices, budget allocation, etc. to ensure transparency and accountability. Moreover, weaknesses in NGO capacities were considered the main obstacle rather than a challenge to be overcome.

The lack of coordination between NGO and workshop activities undercut the **effectiveness** of the project, as it treated NGO activities as stand-alone actions with no local government or corporate involvement. Training activities for NGO capacity-building focused primarily on NGO organizational and project management, entrepreneurial skills, and alignment with companies' CSR requirements, which diverted the focus from expected outcomes related to the NGOs' ability to affect CSR policy performance. Most of the 12 microprojects selected involved business opportunities in agroindustry and farming. There was no specific mechanism to review the results of NGO microprojects during workshops, which represented a missed opportunity to build broader support for the changes advocated at the local and government level. This was not an effective way to help local actors make their voices heard by authorities and private enterprises or to facilitate trust-building and dialogue on how CSR should be managed in civil society engagement and how to involve NGOs as CSR partners to further public welfare.

In terms of **efficiency**, questions arose about the selection of extractive areas requiring a high travel budget in comparison with the budget for CSR field activities. There were also questions about the funds provided for NGO projects. Only 5% of the total budget was allocated to such projects.

The **impact** was nonexistent. The IRE project did not change stakeholders' perceptions but instead, reinforced current corporate practices in which civil society empowerment is regarded simply as donations to NGOs. At project conclusion there was no formal partnership among stakeholders, most of the NGO microprojects had ended, and participating NGOs still considered themselves passive beneficiaries of CSR funds. An evaluation reported on activities and outputs, but the indicators it provided were unverifiable and not detailed enough to extrapolate impacts.

The recommendations contained in the IRE's book "Strengthening Partnerships for Accelerated Poverty Reduction in the District Mining and Oil and Gas Industry" were widely disseminated, along with several policy papers targeting policymakers and extractive companies, to encourage other related parties in extractive regions to replicate similar IRE experiences. Similarly, the UNTV documentary posted on the Internet ensures that the project's outcomes will endure beyond its lifetime. IRE developed essentially good institutional relations with the interrelated parties, local NGOs, local authorities, and companies based in the selected district. However, the project's **sustainability** is impaired, because it failed to tackle the strategic issue of CSR's impact in terms of poverty reduction, addressing only practical issues instead.

(iii) Conclusions

The conclusions that follow are a synopsis of the answers to the evaluation questions found in Annex 1.

- ***The project's focus, as designed, was relevant*** *and important, given Indonesia's social and democratic context.* ***However, lack of information to ensure transparency and accountability and the failure to consider the districts' social context*** has made it hard for IRE to capture civil society capacity-building needs. The project did not fully appreciate the complexity of the companies' CSR activities—which are patchy, sector-based, and influenced by the political climate in each extractive area—and how they affected NGO/CBO participation and collaborative approaches to CSR. . This conclusion is based on findings related to **relevance** and **effectiveness**.

- ***Use of the local and national level to implement CSR activities was an effective approach to CSR stakeholder interaction, as it gave companies, local governments, and NGOs an opportunity to share their respective concerns.*** However, the disconnected content of activities focused on corporate CSR grant requirements rather than an understanding of CSR processes and their influence on CSR design policies limited the usefulness of this approach, as it resulted in the duplication of CSR practices, stand-alone NGO project activities, and a lack of CSR ownership and collaborative CSR initiatives. This conclusion is based on the finding related to **effectiveness**.

- ***The overall intervention strategy made a difference to individual participants but was neither coherent nor effective. It did not meet the objective of strengthening NGOs' ability to influence extractive companies' CSR policies, resulting in weak impact***. Although microprojects and training for NGOs yielded some useful information to enable local NGOs to meet extractive companies' requirements for CSR grants, it was evident that developing the competitive skills of NGOs did not reduce their fragmentation or help them think more strategically about collaborating among themselves and with stakeholders on CSR issues. The IRE approach of using NGO microproject

approaches similar to those of extractive companies resulted in the duplication of efforts with no value added. This conclusion is based on findings related to **effectiveness** and **impact**.

- ***The use of ex post evaluation and publications for advocacy purposes was a good programmatic technique but required a focus on indicators at project start-up to assess the impact in terms of change.*** This diagnostic review and needs assessment yielded statistical data on district poverty rates for the project but not indicators correlated with the project's main goals of NGO capacity-building and obtaining significant data for CSR partnership-building. Since the needs assessment did not identify specific data and indicators, the process did not guarantee the credibility of the data and indicators submitted in the ex-post evaluation and report. This conclusion is based on findings related to **impact** and **sustainability**.

- ***UNDEF funding lent IRE and project activities greater credibility and visibility in the eyes of government authorities and companies.*** CSR policies are sensitive issues in Indonesia, and attaching the UN logo to the project helped present it as an apolitical, neutral exercise. The IRE project, however, focused on NGO capacity to implement projects funded with CSR donations, diverting the focus from the outcomes contained in the project document. The UN logo was eventually used to promote practices similar to those already employed by extractive companies—practices with proven limitations when it comes to poverty reduction and gender equity.

(iv) Recommendations

- ***Pressure more forcefully for information on CSR transparency and accountability in the local context.*** Knowing what has worked and what has not is very important for engaging stakeholders in further discussions on how to develop NGO skills. Transparency and accountability are a prerequisite for strong partnerships, especially when the issue is contentious in extractive areas. As CSR is part of governance because public moneys are involved, information both from companies with CSR programs and local authorities to ensure transparency and accountability should be considered a prerequisite for building partnerships around CSR issues. Better information on the costs and benefits of CSR implementation at the district level and an inventory of extractive industry practices could help IRE identify NGO capacity constraints and priority needs, tailoring different partnership models to the situation in each district. Transparent information could also help NGO participants understand their roles and responsibilities in a CSR system and how they can hold local government and companies accountable for CSR design and implementation activities. This recommendation is based on Conclusions (ii) and (iii).

- ***Formalize stakeholders' commitment to building ownership within an integrated framework involving all stakeholders.*** In a partnership and trust-building project such as this one, IRE must bring implementers together into a single integrated program by jointly designing activities, engaging in strategic planning and initiatives/projects, and branding the project to lay the groundwork for common understanding and practices among agents of change. Presentation of different models found across Indonesia could also strengthen partnership models. This recommendation is based on Conclusions (ii) and (iii).

- ***Encourage concerted coordination of civil society groups in joint capacity-building initiatives***. Changes in CSR governance will not come about without

concerted advocacy on the part of civil society groups that come together with an understanding of CSR challenges for society as a whole. The kinds of activities that NGOs engage in could be used to improve information to raise awareness about CSR, facilitate dialogue, and promote advocacy skills to tackle CSR performance on poverty issues. A wide range of topics, including an understanding of CSR policies and practices, could be addressed in training courses for NGOs (budget analysis, monitoring of oil and mining operations, tax laws, public information on government revenues and payments by extractive companies, information on other CSR networks, etc.). Grants could be used to bolster NGO capacity to build coalitions among fragmented local actors and foster communication, coordination, and advocacy among NGOs. It could enable NGOs to be better represented in the CSR system to give them an opportunity to develop joint programs and share the individual expertise of NGOs with other groups. This recommendation is based on all the Conclusions above

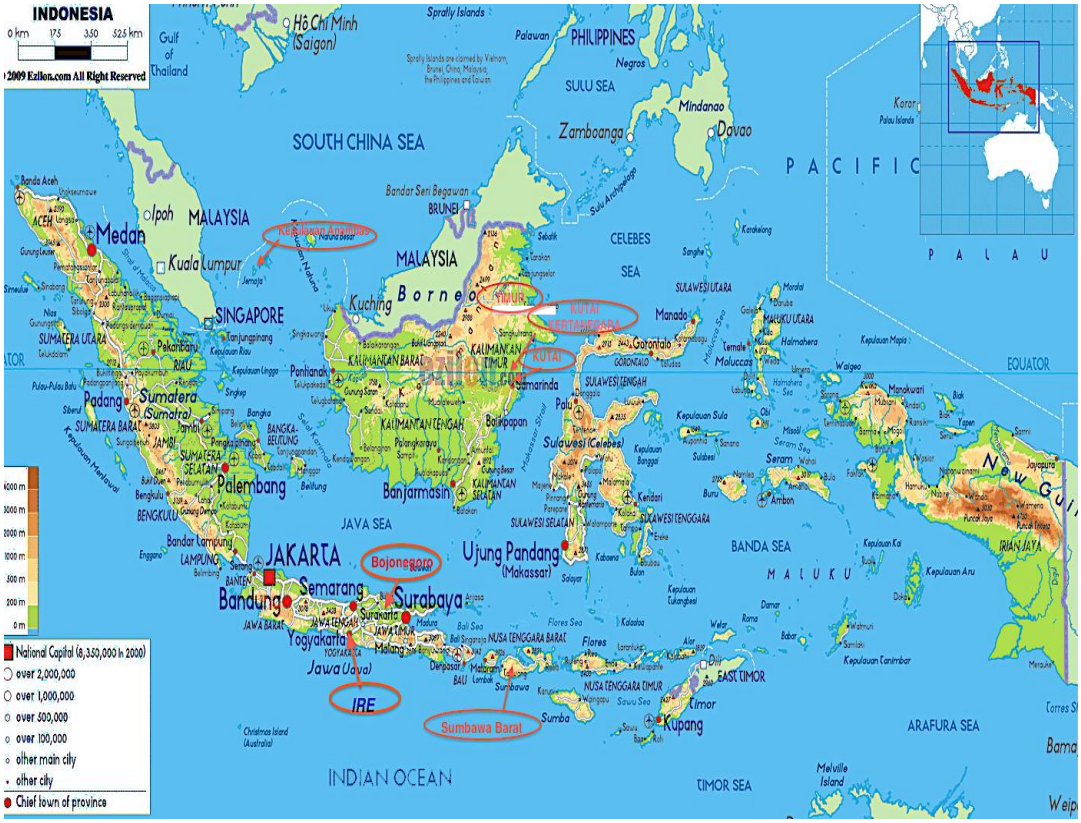
- ***Prepare a results-based project performance and monitoring plan at the start of the project*** to track the progress made toward achieving outcomes and to measure results. This should be used to track expected activity outcomes, not just activity outputs. Examples of performance indicators could include: the number/type of CSR policy changes resulting from project activities, the nature of partnership models developed, the degree of NGO knowledge about CSR practices and fiscal requirements, etc. This recommendation is based on Conclusion (iv).

- ***Control use of the UN logo in disseminating information on best practices and lessons learned after a project's completion***. UNDEF should monitor UN publications and media products more carefully to maintain the UN branding image and UNDEF value added. This recommendation is based on Conclusion (v).

II. Introduction and development context

(i) Project and evaluation objectives

The Strengthening Local NGOs in Areas Where Extractive Industries Operate project was a two-year, US$350,000 project implemented by the Institute for Research and Empowerment (IRE). $25,000 of this was retained by UNDEF for evaluation. Running from 1 November, 2009 to 30 October, 2011, it worked to strengthen the role of NGOs though trust-building and better cooperation among national and local authorities, NGOs, and extractive industries that deliver corporate social responsibility (CSR) funds. It attempted to do this by bolstering the capacity and credibility of local NGOs as CSR program partners and as the empowering agent in communities with CSR programs.



The project was implemented in five districts in four regions of Indonesia where extractive industries are operating. It worked directly with local nongovernmental organizations (NGOs), community-based organizations (CBOs), extractive companies, local governments, and national authorities based in those areas. IRE conducted a needs assessment and CSR diagnostic review in the five targeted districts (Bojonegoro, West Sumbawa, East Kutai, Kutai Kartanegara, and Anambas) and devised project activities to boost the capacity and credibility of local NGOs as partners in CSR programs to increase trust and cooperation among stakeholders.

UNDEF and Transtec have agreed on a framework to govern the evaluation process, which is spelled out in the Operational Manual. According to the Manual, the objective of the evaluation is to undertake in-depth analysis of UNDEF-funded projects to gain a better understanding of what constitutes a successful project, which will in turn help UNDEF devise future project strategies. Evaluations also assist stakeholders in determining whether

projects have been implemented in accordance with the project document and whether anticipated project outputs have been achieved."

(ii) Evaluation methodology

The evaluation was conducted in November 2012, with fieldwork in Indonesia from 6 to10 of that month. UNDEF evaluations are qualitative and involve a standard set of evaluation questions focusing on the relevance, effectiveness, efficiency, impact, and sustainability of the project and any value added accruing from UNDEF funding (Annex 1). This report follows that structure. The evaluators reviewed the available documentation on the project and the issue of local Indonesian NGOs and the challenges posed by corporate social responsibility (CSR) funds delivered by extractive industries in the country (Annex 2). Interviews were held with the project team from IRE, whose main stakeholders include NGOs, extractive industries, local government, and CBOs participating in this project. The evaluators interviewed the IRE project team in Yogyakarta, East Kutai, and Kutai Kartanegara (East Kalimantan region) in person, (Annex 3).

During preparatory work, the evaluators identified several issues that they followed up on during fieldwork in Indonesia. These included:

- **The project's ability to achieve its anticipated outcomes,** since its goals were ambitious considering the absence of CSR guidelines and common policies and the diversity of districts.
- **The extent to which project activities leveraged existing local NGO capacity to establish/strengthen sustainable CSR partnerships** with extractive companies and local authorities and influence social and economic development policy.
- **Sustainability** issues and the degree of cooperation between local authorities, CBOs, and NGOs
- **Civil society ownership** of the program, which IRE sought to build, and whether the agenda resulted in sustainable changes for the intended beneficiaries.
- **Value added by IRE,** as the project document suggested there was a lack of NGO participation in CSR policies and stakeholder partnerships, leading to lower CSR performance

(iii) Development context

The project design was based on the situation in Indonesia. CSR funding is not a new topic; however, it has evolved only in recent years. The driving force behind CSR was the international business ethics movement. CSR originally began as a movement to minimize the harmful environmental impact of industrial plants and day-to-day business practices. CSR policy has recently evolved with the recognition that the extractive sector has a significant component linked to community, social, and gender issues in engagement with civil society.

Indonesia has enacted a number of laws to protect equality of rights and opportunities for civil society, establishing legal corporate social responsibility requirements in limited liability companies in 2007 (Law 40/2007). At the time, Article 74 stated that all companies, especially mining ventures, must conduct CSR activities as part of their responsibility to society. The law was followed by Government Decree No. 47 –2012 on "Corporate Social and Environmental Responsibility[1] to guarantee further implementation of the law.

[1] Tanggung Jawab Sosial dan Lingkungan Perseroan Terbatas

Although these regulations do not state clearly how CSR should be governed, several multinational initiatives have attempted to standardize or offer CSR guidelines in Indonesia. Many national initiatives have emerged, including the National Committee on Corporate Governance, devoted mainly to establishing a good corporate governance code. Several corporate forums on CSR were held, attended by representatives of extractive industries, government, and the people. A forum in Kutai Timur, a district selected by IRE in East Kalimantan Province, was set up in 2006 as a response to unsupervised CSR activities in the area. The forum is expected to facilitate integration of the CSR budget into local government development planning. Bandung, West Java, has a similar forum for building a corporate-government consensus, where specific development areas are jointly defined to contribute to local government development planning.

> "For people, extractive activities are like sugar. Where there is sugar, there are ants."
> **Local official in Kutai Timur**

It is unclear, however, to what extent the various initiatives are guiding day-to-day CSR performance, creating a manifest gap between rhetoric and societal and economic decisions. While there is a range of key commitments to providing and standardizing CSR guidelines to promote local development policy to reduce poverty, only a few CSR initiatives have contributed to poverty reduction.

Understanding CSR programs and their implementation in Indonesia is not optimal, and CSR funds have yet to prove effective in reducing poverty. Although Indonesia is a wealthy country with a multitude of national and multinational extractive industries working in the oil, gas, and mining (coal, gold, and iron) sectors throughout its islands, the country still has critical problems in terms of the distribution of well-being and the poverty of people living the areas where extractive industries operate. One of the main issues underscored by IRE is the fact that the regulations are not considered to advocate for popular participation in CSR governance.

As a result, certain CSR practices in Indonesia do not represent the objectives of CSR itself. For example, private enterprise only makes donations or contributions for infrastructure. Most extractive companies have internal problems that include CSR management. Furthermore, most companies operating in Indonesia are facing challenges from the external environment. Although local authorities have increasingly sought to use CSR funds to further their development policy, poor governance by local authorities tasked with developing poverty reduction policies is one of the main issues discouraging companies from adopting clear CSR guidelines. Significantly, CSR funds are not fully integrated into the local government-managed local development planning process for the promotion of social and economic development. Local NGOs/CBOs are fragmented and incapable of serving as partners in CSR policy design. As a result, companies prefer to subcontract CSR implementation to international and national-level NGOs, as evidenced in Kutai Kartanegara, the district selected by IRE in Kalimantan, where Chevron, the multinational oil company, operates, designating Swisscontact to run its CSR programs.

Community action through NGOs/CBOs is often viewed as working in opposition to extractive companies' interests. In many extractive areas, it is not unusual to find people mounting roadblocks to the extractive area when their demands are not met. Many companies have a community public relations division alongside the community development division to deal with social unrest. Chevron and Newmont are examples in which community public relations and community development divisions have worked hand in hand to address community-related issues. Disruptive behavior on the part of NGOs and CBOs discourages interaction among companies, local governments and civil society and civil society engagement in CSR policy design and implementation. On the other hand, as the IRE needs assessment manual

states, people living in the areas surrounding extractive industries are not well-coordinated and organized. They are ruled by elites that control access to information about the companies and government. The fragmentation of society has led to domestic competition for winning CSR project donations. NGOs and CBOs view CSR grants primarily as private business opportunities rather than social and economic development opportunities for civil society in extractive areas. In the Bojonegoro district, where the multinational ExxonMobil oil company operates, distributing CSR funds has created social tensions. In the West Sumbawa district where the Newmont Nusa Tenggara gold mining company operates, residents feel they must compete with local government for the company's CSR funding. CSR is a complex issue, and it is no surprise that the political climate in areas where extractive industries operate is usually not conducive to resolving it.

III. Project strategy

(i) Project approach and strategy

The "Strengthening Local NGOs in Areas where Extractive Industries Operate" project sought to strengthen trust-building and promote greater cooperation among local governments, NGOs, and extractive industries by strengthening the capacity and credibility of NGOs as partners in CSR policies, through: 1) NGO diagnostic review and needs assessments in terms of CSR and community development (CD) programs in each district; 2) interaction and information-sharing among local governments, NGOs, and extractive industries to identify and forge joint partnerships for common CSR strategic planning to alleviate poverty and further the gender equity agenda in each district; 3) training and capacity-building for NGO actors tasked with formulating and implementing NGO pilot projects for poverty reduction; and 4) promoting CSR partnership models to influence CSR practices.

IRE had been working on an important community engagement component in the decentralization and local governance sector. Nonetheless, this was the first time that it had worked on CSR issues. The project proposed to work with three types of stakeholders: (i) local governments; (ii) extractive companies; and (iii) NGOs/CBOs. The five targeted districts covered a wide range of extractive sectors and a multitude of companies.

Table 1: Type of extraction and companies operating in four provinces selected by IRE

Province and District	Type of extraction	Company
1. East Java and Central Java		
Blora	Oil drilling	Exxon Mobil, Petrochina, and Pertamina
Bojonegoro		
Tuban		
2. West Nusa Tenggara provinces (West Sumbawa)		
West Sumbawa Barat	Gold mining	Newmont Nusa Tenggara (NTT)
3. East Kalimantan		
Kutai Timur	Coal mining	Kaltim Prima Coal (KPC)
Kutai Kertanegara	Oil and gas drilling	Chevron and Total
4. Kepulauan Riau, Sumatra		
Kepulauan Anambas	Oil drilling	Premier Oil

The project had a three-stage strategy to be implemented at the local and national level. At the local level, IRE directly engaged researchers, facilitators, trainers, and organizers to work in the five targeted districts to ensure that the project would run smoothly. Here, the strategy was designed to (i) identify local stakeholders' needs; (ii) encourage interaction and cooperation among local NGOs, local governments, and extractive industries; and (iii) organize local workshops, NGO training, a microprojects competition among 20 local NGOs, and implementation support for 12 microprojects. At the district level, a wide range of NGOs from every social and economic sector was selected to guarantee adequate stakeholder involvement and input.

IRE headquarters staff, 2012 (Source: F. Burban))

At the headquarters level, IRE set up a permanent team in Yogyakarta to: (i) support and monitor the five IRE district teams; (ii) consolidate the information and knowledge obtained at the local level; (iii) validate IRE district needs assessment findings; (iv) enhance and propose CSR partnership models through local and national workshops attended by national and local authorities, companies, and NGOs; (v) tailor partnership cooperation models to the stakeholders' situations by creating permanent forums for all local and national stakeholders; (v) promote CSR policy reforms by issuing laws, policy papers, and a book. IRE proposed to raise awareness and engage in advocacy (policy papers and draft regulations) to persuade the national government to develop guidelines for collaborative CSR programs. Publishing the book and policy papers on best practices and lessons learned was expected to provide a model that could be replicated across Indonesia. Furthermore, the draft regulations were expected to furnish additional guidelines for the use of CSR funds.

Although IRE worked directly in five districts, project management was implemented centrally, with programmatic details decided largely at IRE headquarters. All methodological, needs assessment, workshop guidelines, training content, and policy papers were developed at headquarters. This was a deliberate approach that IRE felt would increase the visibility of the overall project.

Activities per district	Profiles and number of IRE staff /district				
	Bojonegoro	West Sumbawa	East Kutai	Kutai Kartanegara	Anambas
1. Needs Assessment 2. Local workshop 3. Training and provision of intensive assistance to local NGOs in 5 districts. 4. Local Workshop "Promoting Partnership Programs for Poverty Reduction in Extractive Areas: 5. Training for Capacity-building: "Strengthening the Role of Local NGOs" 6. Facilitation of the pilot project (proposal, budget, project management, monitoring, evaluation) 7. FGDs and field observation:	1 Senior Researcher, 1 Researcher, 1 Local Researcher 1 Senior Facilitator, 1 Co-facilitator 1 Local Organizer/district 1 Evaluator, 1 Staff Program/district				
Activities at national level	**Profile and number of IRE staff at headquarters**				
1. National Workshop I. 2. National Workshop II: 3. National Workshop III 4. Program road show. 5. Writing of policy paper 6. Workshop on policy paper writing, draft regulation 7. Writing and publication of book: 8. Seminar for launching the published book:	1 Project Manager, 3 Program Staff, 1 Secretary, 1 Finance Manager, 1 Keynote Speaker, 4 Senior Researchers, 4 Researchers 3 Consultants, 2 Program Staff, 1 Researcher 1 Senior Writer 15 Writers				

The project began with a needs assessment in the five targeted districts to develop a diagnosis on CSR services and needs and identify the issues confronting local NGOs in their dealings with local authorities and extractive industries. Local IRE staff worked through the CSR networks created by extractive industries and local governments to identify local NGOs that could be beneficiaries. IRE trained the 40 NGOs/CBOs it considered the most skilled.

At the conclusion of the training activities, IRE held a microproject competition in which 20 NGOs participated. Twelve projects, including NGOs and NGO forums, were selected to receive subgrants of approximately US$1,500 (15 million rupiahs) to conduct their own pilot project over a 6-month period.

During this process, four workshops—three national and one local—were held in each district to strengthen a collaborative partnership forum aimed at promoting exchanges among the authorities, extractive companies, and local NGOs/CSOs. It was assumed that the workshops would serve as the foundation for permanent stakeholder forums.

As part of this process, IRE published the book "Strengthening Partnerships for Accelerated Poverty Reduction in the District Mining and Oil and Gas Industry" and distributed several policy papers to policymakers and extractive companies to encourage other parties working in extractive regions to replicate similar IRE activities. A documentary by UNTV was posted on the Internet. The draft regulation that was to be submitted to the Ministry of Environment as an umbrella regulation was not produced. Instead, recommendations issued promoting NGO involvement and partnership models were issued. The evaluators were given a number of reasons why this part of the design had not been implemented, but basically, the project's objectives were ambitious and national project staff felt that meeting the objectives required more time, attention, and resources than they had at their disposal.

(ii) Logical framework

The table below summarizes the project's logical chain from activities to outputs, contributing to the ultimate development objective. The table is based on the original logical framework provided by IRE.

The logical framework does not clearly indicate the nature of the interactions among local governments, extractive industries, and NGOs that were expected to enhance NGO credibility and trust-building among stakeholders. There was an assumption that national and local collaborative forums (in the form of workshops) and NGO capacity-building (through training and microprojects) would strengthen sustainable partnerships. It is unclear, however, how the activities would enable local actors to play an acknowledged advisory role in local and national CSR policy changes, nor how connecting through multistakeholder workshops would tackle poverty reduction and gender equity policy issues.

Project activities	Intended outputs	Medium-term impacts/outcome	Long-term development objective
1. NEEDS ASSESSMENT: ROADMAP – LOCAL LEVEL			
• Needs assessment through survey, FGD • Discussion of research findings	• A roadmap of program activities to increase the number of local NGOs engaging in CD/CSR programs from 1-2 into 10-12 Units • A roadmap of program activities to promote good relations among local NGOs, companies, and local governments.	• The project has engaged in strategic planning to increase NGO capacity-building, poverty alleviation, and gender equity and adopt the best approach to developing partnership programs • Local NGOs have greater capacity in terms of producing proposals, managing organizations, cooperation, networking, fundraising, and organizing CD and CSR programs	• The stakeholders will have had guidance in developing partnerships programs • The stakeholders will have trusted each other to participate in the project
2.ROADMAP – NATIONAL LEVEL			
• First National Workshop	• The multiple stakeholders representing the five districts have a common interest in developing poverty reduction and gender equity programs. • The multiple stakeholders have engaged in strategic planning to promote poverty reduction and gender equity	• Corporate and local governments trust and assist local NGOs/CBOs with CD/CSR programs • Stakeholders have been committed to implementing workshop recommendations	• Stakeholders will have committed to establishing a forum in the respective local governments
3.COOPERATION AMONG COMPANIES, LOCAL GOVERNMENTS, AND LOCAL NGOS IN ORGANIZING CSR/CD PROGRAMS			
• Local workshop	• Agreement to set up participatory and partnership forums to promote poverty alleviation and gender equity • Strategic planning to implement the promotion of poverty reduction and gender equity	• Stakeholders have been committed to setting up a work plan on developing partnership programs • Good cooperation and trust among local governments, local NGOs and companies because they support each other in promoting their social development visions, missions, and programs	• Stakeholders will have committed to supporting training programs for local NGOs and CBOs
4. STRENGTHENING NGO AND CBO CAPACITY			
• Training for capacity building	• Capacity of 40 local NGOs (320 people) and 120 CBOs (4,600 people) in five local governments to implement CSR/CD programs to empower women and reduce poverty has been increased	• Capacity in organizing CSR/CD programs and developing organizational sustainability • Local government and companies annually increase (20%) the budget for CD/CSR programs involving local NGOs to organize programs in the field.	• Companies and local governments have greater trust in local NGOs and CBOs and are willing to cooperate with them in organizing poverty reduction and gender equality programs
5. TRUST-BUILDING, COOPERATION, AND JOINT VISIONS AMONG COMPANIES, LOCAL GOVERNMENTS, AND LOCAL NGOs			
• Second National workshop	• Greater sharing to develop the program • Establishment of partnership program at national level	• Presence of long-term program plan on CSR/CD that fosters poverty alleviation and gender equity at national level	• Stakeholders will have encouraged local NGOs / CBOs to conduct CSR/CD programs

		• The size of the CSR budget before, during, and after project implementation	
6. FACILITATING IMPLEMENTATION OF CD/CSR PROGRAMS BY LOCAL NGOs			
• 10 cooperative CSR/CD pilot programs	• Strengthened local NGOs/CBOs conducting pilot projects of CSR/CD programs supported by local governments and companies • More than 20 local NGOs and 80 CBOs have secured the opportunity to conduct the 10 pilot projects of CSR/CD programs • Best practices and lessons learned for the future partnership programs	• Number of local NGOs entrusted by companies to organize annual CSR/CD programs • Lower poverty and greater gender equity	•Greater trust among local NGOs, local governments, and companies •More equitable social development policies
7. DEVELOPING MULTISTAKEHOLDER PARTNERSHIP FORUMS TO PROMOTE CD/CSR PROGRAMS			
• Third National Workshop	• Sharing and consolidation of development program • Establishment of National forum to promote poverty alleviation, gender equity, and engagement of local NGOs in CD/CSR programs • Promotion of the forum as a means of learning, communication, and cooperation among development program stakeholders and involving local NGOs • The forums have long- term action programs • Local districts have supported the forums	• Presence of national multistakeholder partnership forum for poverty alleviation and gender equity • Change CD/CSR program orientation and impact upon poverty alleviation	•Stakeholders will have promoted a national multistakeholder partnership forum
8. FACILITATING THE FORUM'S ABILITY TO ADVOCATE FOR NEW REGULATIONS FOR INVOLVING LOCAL NGOs IN CSR POVERTY ALLEVIATION AND GENDER EQUALITY PROGRAMS			
Advocacy through: • Workshop for drafting policy paper, • Workshop for developing draft regulations • National seminar	• The government has taken ownership of strategic planning to develop collaborative CSR programs • The government has promoted collaborative CSR programs across Indonesia	• National government and local governments have passed umbrella legislation to facilitate creation of the stakeholder forum • Presence of public support for the project agenda	•Creation of other forums outside the project's target areas
9. MONITORING, EVALUATION, AND AUDITING			
• FDGs and field observation	• Report on monitoring and evaluation and audit results	• Recommendations for better project performance and sustainability • Greater sustainability	• Greater public trust in the project's performance
10. PUBLICATION OF A BOOK ON BEST PRACTICES AND LESSONS LEARNED			
• Writing and launch of the book	• The book (1,500 copies) • 80 seminar participants appreciating the book	• The book serves as a guide for large-scale stakeholders to develop partnership programs for poverty eradication and gender equity in areas where extractive industries are operating.	• Over 60% of extractive industries have launched poverty alleviation and gender equity partnership programs involving local NGOs/ CBOs

IV. Evaluation findings

(i) Relevance

The project objective was fully consistent with the CSR legal and fiscal requirement that 40% of residents of extractive areas be living in poverty. The project strategy was also suited to the need to engage NGOs/CBOs in CSR programs, as it is widely recognized that better CSR performance is intrinsically linked to better civil society involvement and more sustainable partnerships among stakeholders. According to official statistics, the five target districts were among the poorest in Indonesia and had previously encountered problems with civil society organizations.

Table 2: Percentage of Poor Citizens in Districts selected by IRE (Source: IRE Needs Assessment Manual)

No.	Province and District	Number of Poor Citizens	Percentage (%) of Poor Citizens	Percentage (%) Poor Citizens in Extractive Areas
East Java and Central Java				
1	**Blora**	-	35.1	65
2	**Bojonegoro**	-	45	75
3	**Tuban**	-	27.1	45
West Nusa Tenggara				
4	**Sumbawa Barat**	(6,726 families)	24.4 (2008)	53
East Kalimantan				
5	**Kutai Timur**	31,700 people	17.5 (2008)	Fewer
6	**Kutai Kertanegara**	70,385 people	12.8 (2005)	Fewer
Kepulauan Riau, Sumatra				
7	**Kepulauan Anambas**	11,669 people	32.2 (2009)	-

The project's strategy of identifying local NGOs/CBOs in the district and working directly with them brought project activities closer to the beneficiaries, giving such efforts more direct meaning in their daily lives. The project was also relevant in that its design included workshop activities to discuss the concerns of local governments and private companies. Both groups need to pool local civil society resources if they are to have a visible impact on the communities they engage with. Most NGO participants said it was the first time they had had the opportunity to meet directly with companies and local authorities,

The approach of strengthening interactions among multiple stakeholders made the project relevant from a CSR social development standpoint. Meetings among all related parties were an important first step in building interparty trust to facilitate a common understanding of CSR challenges— including civil society engagement. Most project interviewees, including private companies, national and local authorities, and NGOs, expressed great interest. Several of the participants interviewed attributed this to the need to find alternative ways of implementing CSR funds.

A number of strategic design weaknesses, however, ultimately undermined the project's relevance (as well as its effectiveness). Specifically, the project modalities were in some ways disconnected with the stated objectives:

- **Links between activities were not explored, and each was addressed in isolation**. While the project document stated that the permanent local and national forums would serve as a reference for policymakers and NGO partnerships, the project document did not specify how the workshops' recommendations would be

used to support civil society engagement to influence CSR policy and ultimately reduce poverty. The logical link between NGO capacity challenges and the expected project outcomes, including CSR practices and policy reforms, was not made clear. While the project document stated that the NGO training and pilot projects would help boost NGO capacity, it did not specify how NGOs' abilities would be used to steer CSR performance policies in the direction of poverty alleviation and gender equity.

- **The risks confronting the project and the difficulties involved in working at the district level were not adequately identified in design or addressed during implementation**. The project document was not specific about the overall legal framework, including CSR and decentralization regulations. The IRE project document and needs assessment did not capture the local context or the specific information needed to implement the project. There was no information on CSR budget allocation per district, the level of CSR integration in local development planning, the nature of civil society engagement with stakeholders, budget allocation to NGOs, etc. For instance, the needs assessment made no reference to the existing CSR forum operating in Kutai Timur and the value added that IRE could bring to this project.

- **The specified outcomes were ambitious in terms of the outputs expected to contribute to them.** It appears to have been assumed that putting stakeholders together and sharing knowledge through workshops and NGO training activities would be sufficient to change CSR policies and practices. The project document also assumes that NGO capacity and permanent forums would be sufficient to establish NGO credibility. However, the project document did not make clear the extent to which extractive companies and local governments were ready to accept NGOs as CSR advisors to influence CSR policies.

NGO training, (Source: IRE milestone report)

When the project was drafted, the approach of starting with a participatory needs assessment of NGO issues with CSR programs in each district was consistent with gaining a better understanding of the situation in each district and identifying the main stakeholders. However, the needs assessment focused almost exclusively on the justification of partners' collaboration in engaging local NGOs, given the social and economic realities and CSR legal requirements, diverting the focus from the expected outcome of district diagnosis and NGO needs.

The project's strategy of working with selected NGOs/CBOs undermined the overall coherence of IRE and offered no response for multistakeholder partnership-building. The training program designed and implemented in five districts to improve the ability of NGOs/CBOs to manage their organizations when preparing proposals for microprojects did not strengthen civil society's ability to discuss CSR performance policies with local governments and extractive companies, as outlined in the expected outcomes.

IRE's "one-size-fits-all" approach also detracted from its programmatic relevance beyond providing project workshop guidelines and serving as a grants manager for local NGOs.

Although the project document made it clear that the local dimension is essential for influencing CSR partnerships and civil society engagement, the absence of a multifaceted approach tailored to the local situation and stakeholders' needs lessened the coherence of the overall approach. For instance, IRE did not distinguish between districts that already had permanent multistakeholder forums and others that did not. Since Kutai Timur already has such a forum, it obviously has different partnership-building needs than other regions. It appeared during the field mission that the performance of existing forums is not yet optimal. It was reported that the Kutai Timur forum is being used as a vehicle for local elites to secure access to CSR funds. The forum in Kutai Timur is distrusted by the local government and companies alike because of its lack of transparency in managing CSR funds. Furthermore, IRE did not consider the specific issues affecting NGOs in each district. According to observers, the educational level in NGOs in Java (Bojonegoro, Tuban, and Blora) is slightly higher than in the other regions, as these areas are closer to Jakarta. NGOs in Kutai Kartanegara and Kutai Timur in East Kalimantan are highly fragmented. The West Sumbawa district in the West Nusa Tenggara region is politically unstable, and the Kepulauan Anambas district on Sumatra has been taken over by elites.

(ii) Effectiveness

All planned activities were implemented on time and according to schedule. The capacity of 40 NGOs was enhanced, and 12 CSR microprojects were implemented. Interaction among companies, local governments, and local NGOs took place at the local and national levels. Three national workshops were successful in bringing together decisionmakers from the respective extractive companies, local government authorities—especially those responsible for empowerment and development, namely Bapermas and Bappeda[2]— and local residents. Most participants said that this project offered good prospects for partnership-building. Meeting with all parties involved was an important first step in building interparty trust and partnership. Participants in local and national workshops said that the events had been effective in terms of improving interaction and knowledge about corporate CSR requirements and NGO and local government concerns. According to the interviewees, the presence of multiple stakeholders with differing profiles created an excellent atmosphere for discussion and the exchange of views. The IRE project had support from BP Migas, the Ministry of Environment, and the National Team of Poverty Reduction Programs (TKPK). According to the IRE staff interviewed, strategically including major extractive companies and national authorities in discussions where the Ministry of Environment was also present was important for ensuring that awareness-raising was injected into the political process.

Its cascading nature made it easier for the project to reach the grassroots level. This system enabled selected NGOs/CBOs to learn more about CSR requirements in their districts and improve their ability to use CSR financial resources as the companies required.

The project produced more materials for dissemination than anticipated. A book, a television program, and several policy papers were distributed to academia, national and local policymakers, and extractive companies (see Table 3).

[2] Bappeda is a local board responsible for local development planning. "Bapermas dan Pemdes," usually "Bapermas," is a local government office whose main task is to empower villagers and government.

Table 3: Inventory of post-project publications

Book (200 copies)	• "Strengthening Partnerships for Accelerated Poverty Reduction in the District Mining and Oil and Gas Industry,"[3] February 2012
Policy papers Articles	• Policy Paper, "Being a Catalyst of Change: Repositioning CSR for Poverty Reduction in the Context of Decentralization" [4] • Policy Paper, "Poverty Alleviation through the Strengthening of Local NGOs by Regional Oil and the Partnership Approach"[5] Policy Paper, • Bulletin FLAMMA, 33rd edition, January-March 2010 "Poverty Partnership Initiatives in Regional Exploration, Mining, and the Oil and Gas Industry" [6] http://www.ireyogya.org/id/flamma/flamma-33-sengkarut-penanggulangan-kemiskinan.html • Bulletin FLAMMA, 34, March – May 2012, "CSR Pro-Poor". http://www.ireyogya.org/id/flamma/flamma-edisi-34-csr-pro-poor.html • 2 Contributions to book entitled "CSR; Commitment to Community Empowerment[7] Bambang Hudayana "CSR Partnerships, Local Authorities. and Local NGOs in Poverty-Reduction Agenda: Experience of IRE-UNDEF Action,[8] Krisdyatmiko, "Government-Private-Public Partnership in the Framework of the Multistakeholder CSR Forum"[9] • Bambang Hudayana, article "Poverty Partnership Initiatives in Regional Exploration, Mining, and Oil and Gas Industries[10] "http://www.ireyogya.org/id/program/project-undef-ire.html

However, the IRE project did not achieve the outcomes anticipated in the project document. In general, no consideration was given to determining how activities would align with CSR performance in poverty alleviation and gender equity through better stakeholder cooperation. These weaknesses detracted from the relevance and effectiveness of the project. The needs assessment was not efficiently used to identify key local issues and NGO priority needs in terms of the expected results. This was due mainly to the lack of methodological guidance and the absence of information for ensuring transparency and accountability.

- No contextual information was provided on companies' CSR policies or local governments and NGOs based in those extractive areas;
- There was no overview of:
  - baseline data on CSR programs;
  - the districts' overall legal framework;
  - CSR budget allocation for local government development planning;
  - the proportion of the CSR budget allocated directly to CBOs;
- There was no detailed data on specific CSR practices to assess what had been achieved so far and what was needed for local NGOs to increase their credibility and dialogue with stakeholders;
- CSR performance in terms of poverty and gender equity issues was totally ignored.

> "CSR funds are used to support small NGO/CBO businesses. However, NGO/CBO capacity is very weak, and it's too complicated for us to involve them in CSR advocacy and social welfare services".
> **KPC official in Kutai Timur**

As result, the overall challenges to NGOs acting as advisory bodies were not

[3] Original Indonesian title, " Kemitraan Penanggulangan Kemiskinan di Daerah Pertambangan dan MIGAS"
[4] Original Indonesian Title, "Menjadi Katalis Perubahan: Reposisi CSR untuk Penanggulangan Kemiskinan dalam Konteks Desentralisasi"
[5] Original Indonesian title, "Penanggulangan Kemiskinan di Daerah Migas Melalui Penguatan LSM Lokal dan Pendekatan Kemitraan".
[6] Original Indonesian title; "Inisiatif Kemitraan Penanggulangan Kemiskinan di Daerah Eksplorasi Industri Pertambangan dan Migas"
[7] CSR; Komitmen untuk Pemberdayaan Masyarakat".
[8] "Kemitraan CSR, Pemerintah Daerah dan LSM Lokal dalam Agenda Penanggulangan Kemiskinan: Pengalaman Program Aksi IRE-UNDEF"
[9] Kemitraan Pemerintah – Swasta - Masyarakat dalam Bingkai Forum Multi Stakeholders CSR", di tulis oleh Krisdyatmiko dalam buku berjudul "CSR; Komitmen untuk Pemberdayaan Masyarakat". (File buku terlampir)
[10] Indonesian title: "Inisiatif Kemitraan Penanggulangan Kemiskinan di Daerah Eksplorasi Industri Pertambangan dan Migas",

well-documented, and local government and company responsibilities and priorities were not identified. Transparency and accountability are a *sine qua non* for strong partnerships, and the issue is contentious in areas with extractive operations. This should have been one of the NGOs' identified needs, as well as a prerequisite for building a transparent, accountable partnership. Since CSR is part of governance because it involves public monies, information from companies with CSR programs and from local authorities to ensure transparency and accountability is key to building strong partnerships around CSR issues. The absence of clear regulatory information made it hard to identify the priority skills needed by NGOs and determine how to develop them. IRE did not pressure companies and policymakers by stressing the legal mandate of civil society engagement to create conditions for trust-building among stakeholders. In this respect, several companies confirm that collaboration with NGOs is essential to make CSR useful and visible. As one company interviewee said, "NGO advocacy on CSR policy is rather disturbing."

Project activity was treated as a "stand-alone" activity, and the findings from the needs assessment were not used to drive NGO activities and develop an agenda for action. The intent of the IRE district approach was to strengthen NGO ownership and capacity to cooperate with local governments and extractive companies in drafting and implementing CSR poverty- alleviation and gender-equity projects. The training activities and microprojects generated useful inputs for enabling local NGOs to meet extractive companies' requirements for granting CSR funds. However, NGO participants did not appear to embrace CSR policies for developing CSR performance. Most NGOs took the view that "being a partner" means having access to CSR funds, because companies usually prefer to use international or national NGOs. In Kutai Kartanegara, for instance, Chevron confirmed that it preferred national NGOs and the university to implement CSR programs through a subcontracting mechanism for CSR management.

> "Being a partner" means having access to CSR funds, because companies usually prefer to use international or national NGOs."
> **NGO Participant in Kutai Kartanegara**

NGO capacity-building activities were not effective for cooperation with CSR stakeholders. Project training activities focused primarily on NGO entrepreneurial skills, NGOs, and project management aligned with the extractive companies' criteria. The modules in the training program for capacity-building were geared mainly to:

- Advocacy techniques, lobbying, and CSR fundraising (networking)
- NGO organization and management
- Design of project proposals
- Project management (management of the project cycle, work plan)
- Project monitoring and evaluation

This was effective for preparing project proposals and tailoring them to the local context. In some respects, it enabled participating NGOs access CSR programs more effectively. However, it was ineffective in boosting the NGOs' credibility and fostering partnerships to discuss CSR poverty-reduction challenges. This lack of NGO advocacy services did not help local actors make their voices heard by the authorities and private companies. Most of the NGOs interviewed considered themselves passive beneficiaries of CSR funds rather than community advisors or genuine company and local government partners in improving CSR performance.

The IRE tactic of using NGO microproject approaches similar to those of extractive companies resulted in the duplication of efforts with no value added. The nature of the microprojects funded by IRE did not produce any changes in the extractive companies' practices with respect to NGOs. Moreover, this approach did not enable more NGOs to learn about the CSR project competition organized by the companies. During the field missions it

appeared that two out of three of the NGO beneficiaries met had already worked with extractive industries and local governments on CSR projects.

The 12 NGO microprojects for creating local NGO forums did not entail any local government or company involvement. An FKPMKK member stated that while four meetings had been held during the projects, the CSR action agenda had not been a priority in the discussions. Most of the microprojects involved business opportunities in agroindustry and farming (see Table 4). All the business project stakeholders that were interviewed considered the amount of funds donated too low and a 6-month period to run a business too short.

Table 4: Inventory of IRE-funded microprojects.

DISTRICT	IRE-FUNDED NGO	TITLE AND NATURE OF PROJECT FUNDED
BLORA (Java)	Sepakat Jaya Group	• Boosting business capital to market agriculture products (empowering bamboo workers and craftsmen)
Bojonegoro (Java)	BKAD* Animal Husbandry Group	• Development of bottled drinks and snacks made from star fruit • Assistance to livestock producers (goats). Goat-farming, called “ETAWA”
Tuban (Java)	Ronggolawe	• Strengthening home food industries in villages around Petro China Oil company (Basic health services support)
Sumbawa Barat (West Sumbawa)	Pelangi Nusa Lakmus	• Boosting the capacity of women weavers in Sumbawa barat • Improving community health through healthy behaviors
Kutai Timur East Kalimantan	Pecelo Borneo Gapura	• Strengthening the economy by improving the agribusiness chain in East Kutai. (patchouli business) • Strengthening village governance to create a participatory program in Kutaî Timur (Development of Environmental Issues Forum)
Kutai Kertanegara (East Kalimantan)	FMPP** FKPL*** FKPMKK	• Training and mentoring of goat-farmers in Tenggarong Seberand (forum) • Developing self-help for refuse management in East Kutai • Promoting partnership initiatives for poverty reduction (community forum)
Rriau Island (Anambas)	IKKNA	• Preserving Coral Reefs (1 scholarship)

*BKAD is an intervillage group
** Forum for community responsiveness in development
*** Environmental Emancipation Forum

The NGO-based approach did not make NGOs more credible in the eyes of extractive industries and local governments. It did not help NGOs forge efficient partnerships with stakeholders. Several beneficiary NGOs confessed that they needed to know more about their rights and responsibilities when it comes to CSR governance and wanted to be connected to more extensive information and knowledge networks working on these issues. There was no specific mechanism to include the results of the NGO microprojects in workshop discussions. The absence of a connection between NGO and workshop activities reduced the effectiveness and coherence of the overall push for NGO recognition and admission to collaborative CSR partnerships. Recommendations focused on the specific concerns of local governments and extractive companies. However, it was reported that workshop discussions failed to specify how CSR should be governed in civil society engagement or how NGO actors should be involved as CSR partners to improve public welfare. As a result, there were no joint initiatives.

The project was unable to provide CSR branding to identify best partnership practices in order to make the collective voice of local NGOs heard in extractive areas. Although the project took advantage of the Internet and the media to promote project visibility and a shared sense of the need for a CSR partnership, the draft regulations mentioned in the

project document that were to be submitted to the Ministry of Environment were replaced with recommendations on how NGOs can make better use of CSR funds.

(iii) Efficiency

The view of persons interviewed was that project was implemented efficiently, making good use of time and resources. Although the funds were well-managed, covering a wide range of local activities, a more critical view would question the selection of the extractive areas. The complications involved in reaching each district and the distance between each Indonesian island and district required a large travel budget for beneficiaries and IRE staff in comparison with that for the CSR activities in the field. Apparently, IRE initially wanted to target the most isolated areas. However, travel costs should have been better anticipated. IRE's centralized approach did not offer the opportunity to properly appreciate the local situation and create NGO cooperative approaches tailored to the situation in each district. Eventually, travel costs need to be weighed against the value added of the different local partnership models.

There was also a question about the wisdom of recruiting human resources from Yogyakarta for district support. Directly assisting human resources from the district might have been less expensive and more sustainable. By working directly with local actors on training methodologies, NGO support activities would have facilitated a greater sense of ownership.
There were also concerns about the funds provided to NGO projects (US$1,500[11] per project) in comparison with the overall budget (US$350,000). Only 5% of the overall budget was allocated to NGO projects.

(iv) Impact

The project identified the key district stakeholders in local government, the private sector, and civil society organizations, potentially providing a knowledge base for CSR initiatives in those areas. IRE has developed good institutional relations with interrelated parties, local NGOs, local authorities, and companies based in the selected districts. The project's visibility as a result of the book, policy papers, and media presence has also raised IRE's profile. In interviews, NGOs stated that they had improved their project organization and management skills to compete for CSR funds. In Kutai Timor, a local NGO activist said that his organization is now better organized, with regular meetings and activities devoted to CSR. NGOs also have better operating standards for organizational management, although very simple. Nevertheless, it was clear that developing skills to compete for CSR funds did not reduce the NGOs' fragmentation or help them think more strategically about cooperation among themselves and with stakeholders. During the interview in Kutai Kartanegara, it was clear that local FMPP and FKPMK forums compete with each other for CSR donations. They still do not consider themselves potential advisors to extractive companies and local government on CSR policy changes. The IRE project did not change NGOs' perception of CSR but rather, reinforced current company practices in which civil society empowerment is viewed as donations to NGOs.

> "There wasn't enough information about CSR regulations on public participation, how BP Migas' practices could strengthen NGOs' role in CSR governance, or what could be done to build a link with BP Migas."
> **NGO Participant in Kutai Kartanegara**

With the project completed, there is no evidence to date that IRE activities have had a demonstrable impact on the ground. At the end of the microproject process, NGOs were unsuccessful in leveraging funding from other sources and several business projects. No

[11] 15 million rupiahs per project

companies or local governments are involved in local forums, and the mission found that the CSR agenda for action is not the priority. After the workshops, there was no joint strategic CSR planning among NGOs/CBOs, local governments, and extractive industries, nor was there evidence that the project had changed stakeholders' initial perceptions about NGO roles.

IRE did make an effort to conduct an ex post evaluation, but there was no real indicator at the start of the project or in the needs assessment. Under these circumstances, the evaluation was unlikely to capture impact in terms of the expected results at the end of this project. This evaluation did not include information on the degree of NGO engagement to improve economic and social welfare services, NGO perception of CSR collaborative approaches and advocacy, NGO knowledge about CSR practices in their own districts, CSR fiscal requirements, NGOs' right to information, and how to express their demands to local government and extractive companies. The evaluation and final report focused primarily on activities and outputs, and the indicators provided were neither verifiable nor detailed enough to extrapolate impact.

IRE project managers and FKPMK and FMPP members in Kutai Kertanegara, 2012 (Source: F. Burban)

(v) Sustainability

Wide dissemination of the book's recommendations, the policy papers, and the documentary posted on UNTV ensures that the project's outcomes will last beyond the lifetime of the project itself. Assessment of the project's sustainability would require systematic tracking of the relationship between each NGO beneficiary and the extractive industries and government authorities to assess the extent to which interactions among stakeholders contribute to trust-building and partnerships.

The evaluators, however, doubt that this project will be able to effect any sustainable changes. It did not touch on the strategic issue of CSR impact on poverty reduction, dealing with practical issues instead. Indeed, it was a zero-sum game, because there has been no change in the perception of CSR or practice among stakeholders. Local government and companies do not see the advantage of strengthening local NGO decision-making. There is no understanding among NGOs that having background knowledge about CSR will improve their ability to communicate with stakeholders and the wider public in their districts. Better coordination among NGOs so as to play a more effective role as advisors to local stakeholders did not occur.

V. Conclusions

Based on the evaluation findings, the team concludes that:

i. As designed, the focus of the project was relevant and important, given Indonesia's social and democratic context. It addressed CSR legal and fiscal requirements and put into perspective CSR social and economic welfare issues in extractive areas and the lack of participatory processes where civil society has an integral role to play alongside government and industry. **However, the absence of an in-depth analysis of a package of legal mechanisms linked to local government and corporate legal responsibilities, as well as detailed analysis of the social context in the respective districts** made it hard for IRE to capture civil society capacity-building needs. The project needs assessment did not fully grasp either the complexity of the corporate CSR programs, which are patchy and based on the sector and political climate in each area where extractive industries operate, or how this affected NGO/CBO participation and collaborative CSR approaches. This detracted from its relevance in the districts and selected NGOs, limiting its potential impact. This conclusion is based on findings related to **relevance** and **effectiveness**.

ii. Using the local-national level to implement CSR activities was an effective approach for CSR stakeholder interactions, as it offered an opportunity for companies, local governments, and NGOs to share their concerns. However, the disconnected activities, which focused on corporate CSR grant requirements rather than improving civil society's knowledge about CSR processes and its influence on CSR policies, limited the usefulness of this approach. This led to the duplication of extractive companies' practices with NGOs/CBOs, isolated NGO project activities, and lack of CSR ownership and collaborative initiatives on CSR. Lack of coherence and mechanisms to connect NGO activities with national workshops was also a missed opportunity to build broader support for the changes advocated at the local and government level. This conclusion is based on the finding related to **effectiveness**.

iii. The overall intervention strategy made a difference for individual participants. However, it lacked the coherence and effectiveness necessary to satisfy NGOs' collective interests and better enable them to affect CSR performance, resulting in a weak impact. Although anecdotal information suggests that the project has had a positive impact (especially for individual NGO participants) in terms of better relationships between companies and local governments, it did not improve the NGOs' ability to influence joint CSR initiatives. Activities focused primarily on upgrading NGO entrepreneurial skills and meeting the demands of the companies' CSR programs, diverting the focus from the NGOs' ability to affect CSR policy performance. The absence of a mechanism to connect such activities with stakeholder workshops detracted from the effectiveness and coherence of the overall effort to gain recognition for NGOs in collaborative CSR partnerships. As a result, stand-alone NGO activities and stakeholder workshops do not seem to have been successful in fostering NGO inclusion in joint CSR approaches. This conclusion is based on findings related to **effectiveness** and **impact**.

iv. The use of diagnostic needs assessment, ex post evaluation, and publications for advocacy purposes was a good programmatic technique. However, it

required a focus on indicators at the start of the project to measure change and impact indicators. The diagnostic review and needs assessment yielded statistical data on district poverty rates but did not provide an indicator correlated with the main goal of strengthening local NGOs or significant data on the demand for CSR partnerships. Since specific data and indicators were not identified in the needs assessment, the process could not guarantee the credibility of the data and indicators submitted by the evaluation and report. This conclusion is based on findings related to **impact** and **sustainability**.

v. UNDEF funding gave IRE and project activities more credibility and visibility with government officials and companies. CSR policies are sensitive issues in Indonesia, and having the UN logo attached to the project helped present it as an apolitical, neutral exercise. However, the IRE project focused on NGOs' capacity to implement projects funded with CSR donations, which diverted the focus from the expected outcomes spelled out in the project document. Ultimately, the UN logo was used to promote practices similar to those already employed by extractive companies, whose inability to reduce poverty and increase gender equity has already been demonstrated.

VI. Recommendations

To strengthen similar projects in the future, the team recommends:

i. Pressing more forcefully for information to guarantee local CSR program transparency and accountability. Such information is a *sine qua non* for strong partnerships, especially when this is a contentious issue in extractive areas. Since CSR is part of governance because it involves public monies, the information provided by corporate CSR programs and local authorities to guarantee transparency and accountability should be considered a prerequisite for building partnerships around CSR issues. Although the regulations governing CSR (Law No. 40 of 2007 and Government Decree No. 47, 2012) do not clearly state how CSR involving local participation should be governed, several regulations on decentralization (Law No. 32, 2004 on Local Government and Law No. 14, 2008 on Freedom of Information) stress the need for public participation in local governance processes, providing an opportunity for public monitoring of the activities of state and other public institutions in governance processes that impact communities. In addition, knowing what has worked and what has not is very important for promoting further discussions with stakeholders on how to develop NGO skills. Better information on the costs and benefits of implementing CSR at the district level and an inventory of extractive industry practices could help IRE identify NGO capacity constraints and priority needs and tailor different partnership models to the district reality. Transparent information could also help NGO participants understand their roles and responsibilities in the CSR system and how they can hold local government and companies accountable for the design and implementation of CSR activities. This recommendation is based on conclusion (ii).

ii. Formalizing stakeholders' commitment to building ownership under an integrated framework involving all stakeholders. In a partnership and trust-building project such as this one, IRE should bring the various implementers together

under one integrated program, designing activities, producing joint strategic planning initiatives/projects, and developing product branding to lay the foundation for common understanding and practices by agents of change. It should also leverage comparisons among existing partnership models to improve the project and its outputs. Highlighting existing models could strengthen partnership models. For example, presenting lessons learned in the Bandung or West Java forums, established as a government-private sector consensus that jointly identified CSR funds to allocate to a specific development sector, could be a valuable asset for improving the operations of the Kutai Timur forum. This recommendation is based on Conclusions (ii) and (iii).

- ***Encouraging concerted coordination by civil society groups in joint NGO capacity-building initiatives***. Changes in CSR governance will not come to pass without concerted advocacy by civil society groups that come together with an understanding of CSR challenges for society as a whole. Project activities should be modified and linked to the anticipated objectives. The kinds of activities carried out by NGOs could be used in enhancing information about CSR to raise awareness, facilitate dialogue, and improve advocacy skills to address CSR performance in reducing poverty. A wide range of topics, including an understanding of CSR policies and practices, could be addressed in NGO training activities (budget analysis and monitoring of oil and mining industry operations; laws, contracts, and taxation; public information on government revenues and payments by the extractive industry; information on other CSR networks, etc.). Grants and capacity-building activities could be used to build NGO coalitions among fragmented local actors and improve communication, NGO coordination, advocacy, etc. It could give NGOs greater representation in CSR systems and the opportunity to develop joint programs and share their individual expertise with other groups. This recommendation is based on all the Conclusions above.

- ***Preparing a results-based project performance and monitoring plan at the start of the project*** to follow the progress made toward achieving the outcomes and measure results. This plan should be used to track the expected results of activities, not simply activity outputs. Examples of performance indicators could include: the number/type of CSR policy changes resulting from project activities, the nature of the partnership models developed, NGO knowledge about CSR practices and fiscal requirements, etc. This recommendation is based on Conclusion (iv).

- ***Controlling use of the UN logo for disseminating information on best practices and lessons learned after a project's completion***. UNDEF should monitor UN publications and media products more carefully to maintain the UN branding image and UNDEF value added.

VII. ANNEXES

Annex 1: Evaluation questions:

DAC criterion	Evaluation Question	Related sub-questions
Relevance	To what extent was the project, as designed and implemented, suited to context and needs at the beneficiary, local, and national levels?	▪ Were the objectives of the project in line with the needs and priorities for democratic development, given the context? ▪ Should another project strategy have been preferred rather than the one implemented to better reflect those needs, priorities, and context? Why? ▪ Were risks appropriately identified by the projects? How appropriate are/were the strategies developed to deal with identified risks? Was the project overly risk-averse?
Effectiveness	To what extent was the project, as implemented, able to achieve objectives and goals?	▪ To what extent have the project's objectives been reached? ▪ To what extent was the project implemented as envisaged by the project document? If not, why not? ▪ Were the project activities adequate to make progress towards the project objectives? ▪ What has the project achieved? Where it failed to meet the outputs identified in the project document, why was this?
Efficiency	To what extent was there a reasonable relationship between resources expended and project impacts?	▪ Was there a reasonable relationship between project inputs and project outputs? ▪ Did institutional arrangements promote cost-effectiveness and accountability? ▪ Was the budget designed, and then implemented, in a way that enabled the project to meet its objectives?
Impact	To what extent has the project put in place processes and procedures supporting the role of civil society in contributing to democratization, or to direct promotion of democracy?	▪ To what extent has/have the realization of the project objective(s) and project outcomes had an impact on the specific problem the project aimed to address? ▪ Have the targeted beneficiaries experienced tangible impacts? Which were positive; which were negative? ▪ To what extent has the project caused changes and effects, positive and negative, foreseen and unforeseen, on democratization? ▪ Is the project likely to have a catalytic effect? How? Why? Examples?
Sustainability	To what extent has the project, as designed and implemented, created what is likely to be a continuing impetus towards democratic development?	▪ To what extent has the project established processes and systems that are likely to support continued impact? ▪ Are the involved parties willing and able to continue the project activities on their own (where applicable)?
UNDEF value added	To what extent was UNDEF able to take advantage of its unique position and comparative advantage to achieve results that could not have been achieved had support come from other donors?	▪ What was UNDEF able to accomplish through the project that could not as well have been achieved by alternative projects, other donors, or other stakeholders (Government, NGOs, etc.). ▪ Did project design and implementing modalities exploit UNDEF's comparative advantage in the form of an explicit mandate to focus on democratization issues?

Annex 2: Documents Reviewed:

Related documents

IRE project document, “Strengthening Local NGOs in Areas where Extractive Industries Operate;”
IRE Mid-term progress report, “Strengthening Local NGOs in Areas where Extractive Operate;”
IRE, Milestones, verification mission report, 2010
IRE Final Narrative report “Strengthening Local NGOs in Areas where Extractive Industries Operate;”
IRE, Executive summary of activities, “Strengthening Local NGOs in Areas where Extractive Industries Operate;”
IRE, Needs assessment report;
IRE, Executive summary - National Workshop I. “Building Networks and Partnerships for Combating Poverty in Areas where Mining and Oil Exploration Industries Operate;”
IRE, National Workshop II: “Realizing the Partnership Agenda in the Program for Combating Poverty in Areas where Mining and Oil Exploration Industries Operate”;
IRE, Executive summary - National Workshop III: “Accelerating Poverty Alleviation in Areas of Mining, Oil and Natural Gas Exploration through Partnerships among Companies, Local Governments, and CSOs;”
IRE, Executive summary- Training 1 on Capacity-building: “Strengthening the Role of Local NGOs to Reduce Poverty and Empower Women in Mining and Oil Industry Areas;”
IRE, Executive summary- Training II on Capacity-building;
IRE, Executive summary, Discussions on preparing an academic paper and book on the IRE-UNDEF program entitled "Implementing an Agenda for Partnership in the Poverty Alleviation Program where Extractive Industries Operate;"
IRE, "Strengthening Partnerships for Accelerated Poverty Reduction in the District Mining and Oil and Gas Industry," by a team of experts, researchers, and project management. 2010
Dr. Susetiawan, “A Visiting UNDEF Program Evaluation on Promoting Partnerships for Poverty Reduction where Extractive Industries Operate.” Center for Rural Development, 2011

IRE Publications & Dissemination

IRE “Strengthening Partnerships for Accelerated Poverty Reduction in the District Mining and Oil and Gas Industry,”[12] February 2012
Policy Paper, "Being a Catalyst of Change: Repositioning CSR for Poverty Reduction in the Context of Decentralization"[13]
Policy Paper, "Poverty Alleviation through Regional Oil Strengthening of Local NGOs and the Partnership Approach,"[14] Policy Paper,
Bulletin FLAMMA, 33rd edition, January-March 2010 "Poverty Partnership Initiatives in Regional Exploration Mining and the Oil and Gas Industry" [15] http://www.ireyogya.org/id/flamma/flamma-33-sengkarut-penanggulangan-kemiskinan.html
Bulletin FLAMMA, No. 34, March – May 2012, “CSR Pro-Poor”. http://www.ireyogya.org/id/flamma/flamma-edisi-34-csr-pro-poor.html
IRE Contributions to book entitled "CSR: Commitment to Community Empowerment[16]
Bambang Hudayana "CSR Partnerships, Local Authorities and Local NGOs in Poverty Reduction Agenda: Experience of IRE-UNDEF Action,[17] http://www.ireyogya.org/id/program/project-undef-ire.html
Krisdyatmiko, "Government-Private-Public Partnership in the Framework of the Multistakeholder Forum on CSR"[18]

[12] Original Indonesian title , “ Kemitraan Penanggulangan Kemiskinan di Daerah Pertambangan dan MIGAS”
[13] Original Indonesian Title, “Menjadi Katalis Perubahan: Reposisi CSR untuk Penanggulangan Kemiskinan dalam Konteks Desentralisasi”
[14] Original Indonesian title , “Penanggulangan Kemiskinan di Daerah Migas Melalui Penguatan LSM Lokal dan Pendekatan Kemitraan”.
[15] Original Indonesian title; “Inisiatif Kemitraan Penanggulangan Kemiskinan di Daerah Eksplorasi Industri Pertambangan dan Migas”
[16] CSR; Komitmen untuk Pemberdayaan Masyarakat”.
[17] “Kemitraan CSR, Pemerintah Daerah dan LSM Lokal dalam Agenda Penanggulangan Kemiskinan: Pengalaman Program Aksi IRE-UNDEF”
[18] Kemitraan Pemerintah – Swasta - Masyarakat dalam Bingkai Forum Multi Stakeholders CSR”, di tulis oleh Krisdyatmiko dalam buku berjudul “CSR; Komitmen untuk Pemberdayaan Masyarakat”. (File buku terlampir)

Bojonegoro Poverty Program, created and published by TIM UNDEF, UN.[19]
http://www.unmultimedia.org/tv/webcast/2011/07/indonesia-cultivating-democracy.html)

Documents on Corporate Social Responsibility Support

International Bank for Reconstruction and Development (World Bank), implementing the Extractive Industries Transparency Initiative: Applying Early Lessons from the Field, 2008.
*siteresources.**worldbank**.org/.../**implementing**_eiti_final.pdf*

World Bank, Engagement with Civil Society, Extractive Industries for Development Series #12, November 2009
*siteresources.**worldbank**.org/EXTOGMC/.../**12**-eitip-web.pdf*

EITI Source book, Extractive Industries Transparency Initiative Secretariat, 2005 http://eiti.org/

EITI Validation Guide, EITI Secretariat, 2006

J. Otto, C. Andrews, and others, Mining Royalties: A Global Study on Their Impact on Investors, Governments, and Civil Society. World Bank, 2006

[19] Penanggulangan Kemiskinan di Bojonegoro yang dibuat dan dipublikasikan.

Annex 3: Persons Interviewed

5 November 2012	
Arrival, international consultant	
6 November 2012	
Meeting with IRE team in Jogyakarta	
Sukasmanto	IRE director and UNDEF project coordinator for Kutai Kertanegara district
Dina Mariana	Project staff in Kutai Kertengara district
Susetiawan	Internal evaluator- Pusat Studi Desa dan Kawasan (Center for Village and Regional Studies) Gadjah Mada University
Bambang Hudayana	Project manager
Fajar Sudarwo	Project coordinator for Bojonegoro district
7 November 2012 Meeting with IRE team in Jogyakarta (Java)	
Krisdyatmiko	Project coordinator for Kepulauan Anambas district
Titok Haryanto	Project staff in Kepulauan Anambas district
Anang Saptoni	Project staff in Kabupaten Kepulauan Anambas
Abdur Rozaki	Project coordinator for Sumbawa Barat district
Zainal Anwar	Project staff in Sumbawa Barat district
Area: Kutai Kartanegara District, East Kalimantan Province	
Etti Nuzulianti	Chevron: Policy, Government and Public Affairs Division, Community Engagement Specialist (CSR Program)
8 November 2012 Field visit to Kutai Kartanegara District (East Kalimantan)	
HM Syamsie Juhri	Kutai Kartanegara District Government Bapermas Pemdes,[20] Village People and Government Empowerment Board)
Rusiali Marhamah	Kutai Kartanegara District Government Kasubag Usaha Ekonomi Bapermas Pemdes
Maryono	Kutai Kartanegara District Government staff, Bapermas Pemdes
Sofianur	Student Executive Board, School of Farming, Kutai Kartanegara University General Secretary
Ahmad Munadir	Member of Forum FKPMK (Forum Komunikasi Pemerhati Masyarakat Kutai Kertanegara—Communication Forum for Kutai Kartanegara Society Awareness)[21]
Hairul A	Chair, FKPMK Forum
Sukarno	Secretary of Local NGOs- FMPP- (Forum Masyarakat Peduli Pembangunan—Community Forum for Development Awareness)[22]

[20] Bapermas & Pemdes: Badan Pemberdayaan Masyarakat dan Pemerintahan Desa (Village People and Government Empowerment Board)
[21] Local Forum consists of local NGOs and CSOs
[22] Local NGO

Irawan	Secretary, FKPMK Forum
Latif	Member, FKPMK Forum
Bayu Pranoto	Chair, FMPP
Area: Kutai Timur District (Kutim), East Kalimantan Province	
Slamet	Member of local NGO called FKPL (Forum Komunikasi Peduli Lingkungan)—Community Forum for Environmental Awareness)[23]
Mansyur	Local organizer
Istiqomah	Chair, FKPL
Widiatmoko	Vice Chair, Pechole Borneo
9 November 2012 Field visit to Kutai Timur District (East Kalimantan)	
Arjohansyah	Kutai Timur District Government Bappeda (Kepala Bidang),[24] former Head of Bapermas & Pemdes
Erlyan	Kutai Timur District Government, Head of Bapermas & Pemdes
Bambang Tri	Kutai Timur District Government, Secretary, Bapermas & Pemdes
Zubair	Kutai Timur District Government, Secretary, Bappeda
Amiruddin	Kutai Timur District Government, Head of Bappeda Social and Cultural Subdivision
S. Firdaus	Kutai Timur District Government Social and Cultural Subdivision, Staff member, Bappeda
Hidayat	Chair, Multistakeholder Forum Secretariat
Nurul Karim	Superintend in KPC Conservation and Agribusiness Division
Sugeng	KPC Assistant to Superintendent of Conservation
10 November 2012	
Area Jogyakarta . Debriefing with Institute for Research and Empowerment	
Mahmud NA	Project staff in Kutai Timur district
Bambang Hudayana	IRE Project manager
Krisdyatmiko	IRE Project coordinator for Kabupaten Kepulauan Anambas
Titok Haryanto	IRE Project staff in Kabupaten Kepulauan Anambas
Abdur Rozaki	IRE Project coordinator, Kabupaten Sumbawa Barat
Zainal Anwar	IRE Project staff member, Kabupaten Sumbawa Barat
Sukasmanto	IRE Project coordinator, Kutai Kertanegara

[23] Local NGO
[24] Bappeda: Badan Perencanaan Pembangunan Daerah (Local Development Planning Board)

Annex 4: Acronyms

CBO	Community-based Organizations
CD	Community development
CSR	Corporate Social Responsibility
CSO	Civil Society Organization
IRE	Institute for Research and Empowerment
NGO	Nongovernmental Organization
UNDEF	United Nations Democracy Fund