

ASSESSING CSR

Mapping Potential Funding
for CSR and Opportunities
for Collaboration with Civil
Society Organizations



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CSR and CSO

Redesigning the Future Sustainability of Indonesia

At this time, *Corporate Social Responsibility* (CSR) is evolving rapidly, in line with increasing business concern for both community and the environment. Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families, as well as of the community and society at large (WBCSD, 1995).



Given developments over the past several years, CSR has become a measuring stick for responsible business, and can reinforce reputations of private firms in the public eye.

One important aspect of CSR is the potential to finance programs for community empowerment. In Indonesia, sources of funding for community empowerment programs are usually covered by government expenditures, the general public, and the private sector. The existence of this funding is important to realizing sustainable development – a progressive paradigm for development that meets the needs of the present without compromising the ability of future generations to meet their own needs (WECS, 1987).

The direction and measure of success of sustainable development is greatly dependent upon synergies between the three development pillars – government, the private sector, and civil society. Civil society constitutes one important pillar of development in the context of democratic good governance. This is seen through the advancement of CSR, which initially was more inclined toward philanthropy and donations, rather than broader community empowerment endeavors for long-term dimensions.

The role of society in development is now driven more by *Civil Society Organizations* (CSO). When awareness of the role of civil society became an important priority, CSOs still faced several fundamental problems, among them long term funding prospects and weak institutional capacity, as well as minimum initiative for pursuing synergies with other development actors. Extenuating circumstances have increased the responsibilities of CSOs, which previously were heavily reliant on donor finance, often from foreign sources. CSOs now face declining availability of funding from foreign donor institutions. For these reasons, CSO development programs are somewhat limited to the context of local long-term necessities. There presently are several creative and innovative initiatives for community empowerment and protecting threatened environments, but many lack access to reliable and continuous support.

Therefore, HIVOS, one cooperative development institution, is working with the Indonesian Business Council for Sustainable Development (IBCSD) and the Penabulu Foundation, has taken the initiative to conduct a limited study aimed at expanding synergies and collaboration between businesses and CSOs. Synergies between CSOs and the business community through management of CSR constitute efforts seek to actualize future partnership frameworks for sustainable development in Indonesia.

Research Action

Evolving Early Awareness Together

Fundamentally, this study portrays development of the research action plan, as well as knowledge management of perspectives within the framework of collective social change. The approach to this research emphasizes problem solving. Therefore, the process and its results highlight problems identified and focus agreed upon (Greenwood and Levin, 1998).



The research action executed by HIVOS, IBCSD, and Penabulu has been based upon two related dimensions; mapping the potential for CSR funding, and, supportive assistance for nurturing synergies between CSOs and businesses to expand community empowerment for enhancing the living environment.

This research action plan began in October 2012 and ran through May 2013. It included preparation, implementation, guidance and reporting. During the preparation phase, problems were identified and roles were defined, including determination of methods for gathering data and technical application of the overall research action. During the implementation stage, data gathered was analyzed for building a base of collective knowledge for overcoming problems identified. Guidance was applied simultaneously along with implementation, where assistance and support for several CSOs was given for exploring possibilities of support from CSR funding.

Question formulation was as follows:

- (i) How is a CSR support map based on primary issues, such as the living environment, program characteristics, and funding plans?
- (ii) What are the factors behind imbalances between the private sector and CSO perspectives, to the point that synergies and cooperation have been marginalized?
- (iii) What are the forms and mechanisms for precision funding plans aimed at fostering synergies between businesses and CSOs?

Several approaches worked to answer questions associated with gathering data and conducting research, including: review of existing documentation; a general survey; extensive interviews; case studies, and; group discussions within a 'mini-workshop' context.

The research action implements a combination of both quantitative and qualitative approaches. The study of existing documents reviewed 59 corporate annual reports, along with various sustainability reports, as well as other related literature. The survey methodology was assisted by the distribution of a questionnaire for 51 respondents (28 corporate respondents and 23 CSO respondents). Intensive interviews were conducted among 30 respondents (22 corporate and 8 CSO representatives). Case studies were conducted to gain a better picture of practical and effective collaboration between CSOs and CSR endeavors with insight provided by 7 interviews (4 corporate and 3 CSO respondents).

Research action findings were viewed as pursuit of knowledge, cooperative study, collaborative verification, and utilization of research results by all stakeholders. The mini-workshop was intended for discussion of research results, and was conducted separately with CSO respondents in May of 2013, and with corporate representatives in June 2013.

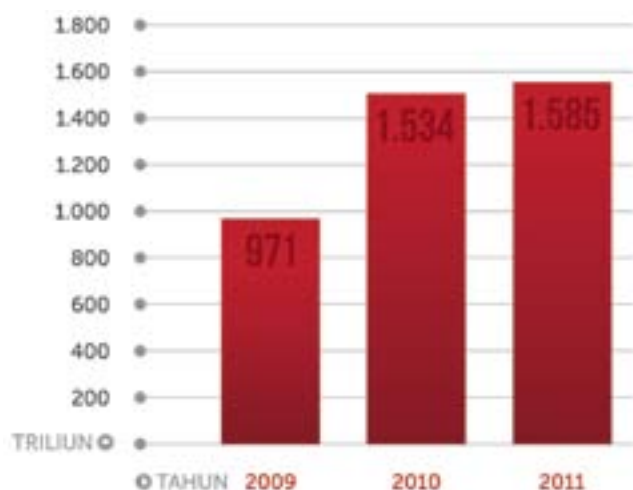
At the same time, the action dimension of the research was conducted through organizational mentoring of certain CSOs, such as The Indonesian Film Archive Foundation, The Center for Women's Resources (PPSW), and the Indonesia Arts Coalition. Penabulu also assisted with the initiation of *Jembatan Tiga* (www.jembatantiga.com), which has opened opportunities for exploring synergies between CSOs, the private sector and government to support partnership for ongoing development. Several corporate respondents had already been active in development activities concerning CSO capabilities, and shared experiences were managed by Penabulu.

Trend Design

Mapping CSR Potential in Indonesia

Increasing Potential CSR Funding

A study of 57 annual reports (AR) and sustainability reports (SR) from state-owned enterprises, private domestic firms, and foreign investors in Indonesia's strategic industries demonstrates that business profits rose from IDR.971 trillion in 2009 to IDR 1.585 trillion in 2011. With significantly increased profits in these 57 respondent companies, there emerged an apparent correlation with rising realization of CSR allocations over the same period.



After further exploration, it became apparent that not all companies clearly reported their CSR allocations within their AR and SR reports, thereby making it difficult to conduct a proper analysis of total CSR contributions provided by the 57 firms studied. Of the 57 firms, only 13 companies disclosed the amount of their CSR commitments in 2009, while 17 companies reported in 2010, and 16 companies in 2011.

Sixteen companies reported CSR allocations in 2011, which averaged 1.6 percent of affiliated business profits. State-owned enterprises allocated an average of 2.7 percent of profits. Private sector firms contributed 0.53 percent of profits to CSR. The total amount of commitments made by the 57 sample firms was not attainable, but if the assumption is that they contributed between 1 and 5 percent of their profits in 2011, CSR from the 57 respondent companies could total between IDR 16-17 trillion.

Table 1. Total company respondents reporting CSR funding for 2009, 2010 and 2011, within AR and SR, and amounts spent on CSR funds administered.

TAHUN	JUMLAH PERUSAHAAN	TOTAL DANA CSR (Miliar Rupiah)
2009	13	1.459
2010	16	2.074
2011	16	2.519

Source: AR and SR of 57 companies are reported in the official website.

Box: Year Number of Companies Total CSR Funding (Billion Rupiah)

The increasing trend of CSR allocations can be demonstrated by several representative companies. According to AR and SR data, PT Bank Mandiri Tbk. funding for CSR increased from IDR 268.2 billion in 2009 to IDR.507.8 billion in 2011. Within only two years Bank Mandiri's CSR allocations nearly doubled. This was similar to PT Unilever Tbk., which increased CSR funding from IDR 24.17 billion in 2009 to IDR.77.12 billion in 2011. The trend toward increasing CSR spending demonstrates the real potential of CSR efforts in Indonesia.

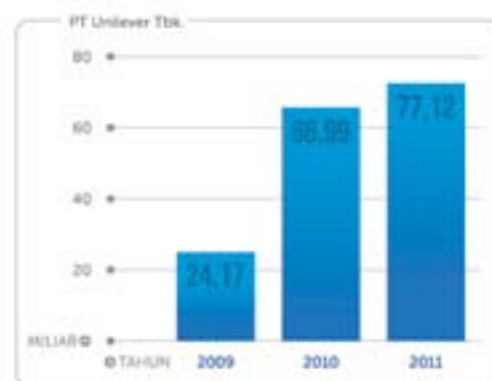
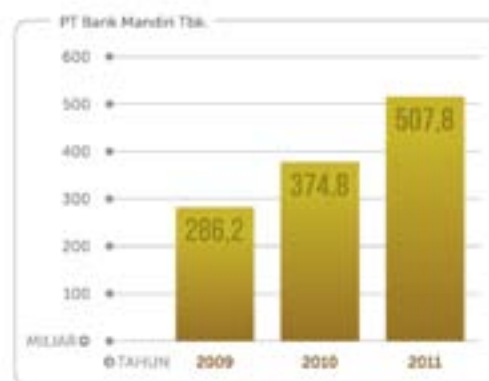


Table 2: Total CSR Expenditures of PT Bank Mandiri Tbk. and PT Unilever Tbk. in 2009, 2010, and 2011.

Source: Sustainability Report of PT. Bank Mandiri Tbk. and PT. Unilever Tbk.

Of 16 companies reporting CSR funding statistics in 2011, only nine companies realized actual absorption of the CSR funds involved. Drawing from this data, two national banks report 50% absorption rates, while most firms report rates between 75% - 87%. This realization rate shows there is still significant room for increased utilization of future CSR funding.

From this data, one conclusion drawn is that difficulties remain in understanding the full potential of CSR funding in Indonesia. Within publicly accessible reports, not all companies report the total amount of committed CSR funding, or the amount of funds absorbed. Not all reports were publicly accessible. This reality displays the urgency of issues involving transparency and accountability regarding CSR management, whereas information on allocation of CSR funds should be open and easily accessible. This is very important, considering that CSR represents corporate commitment to social issues, such as poverty alleviation, a clean living environment, and similar public concerns.

Factors Influencing CSR Allocations

Based upon a summary of intensive interviews with 22 respondents from state-owned enterprises, private domestic firms, and foreign investors, the conclusion was that a trend toward raising CSR allocations has been driven by several factors, namely:

- Increasing profits encourage companies to allocate CSR funds for community empowerment and improved living environments. Several company respondents said that CSR shouldn't be scrutinized by the amount of funds allocated, but should rather be viewed by the commitment and the form of the program, because the 'spirit' of CSR is within concerned social and commitment. However, several respondents from other firms emphasized that the amount of CSR funding demonstrates concrete commitment to social concerns, and with increasing profits, ethical companies should provide larger allocations for implementing CSR pledges.
- Corporate understanding and concern for standards of social responsibility and the global environment is increasing. Numbers monitoring sustainability standards of social responsibility have emerged. There are also the UN Global Compact, the Equator Principle, the IFC Standard, ISO 26000, as well as other international thinking that compels companies to better understand that CSR is not just an ethical commitment, but also a strategic business necessity.

- CSR is now viewed as an essential element for safeguarding long-term business needs in supporting operations and improving company reputation, while at the same time mitigating social risks that might otherwise materialize. Some voluntary standards have evolved, providing a better understanding within businesses regarding the urgency of developing best practices in corporate governance.
- Government regulatory pressure and development of investment's climate. The government, through Law No. 40, 2007 on limited liability companies, officially turned CSR from 'soft law' to 'hard law', where responsibilities for CSR funding must be documented. In addition, increased investment, both domestically and internationally, in collaboration with government support of the MP3EI program, has incentivized increased allocations of CSR funding in Indonesia.
- Decentralization and Regional Autonomy. The decentralization and regional autonomy circumstances, within the context of increasing democratization, has pushed local governments and local communities to demand companies pay closer attention to areas directly affected by business operations. This is actualized through focused CSR funding allocations. Local communities are well aware of their social circumstances, and are often critical of companies operating in their immediate vicinities.
- Trends of new issues. Several important issues arose within development discussions, such as climate change, MGDs and SDGs. The issue of climate change has become a new trend within the CSR discipline in Indonesia, where companies can aspire to positive exposure if they are involved in climate change and environmental concern. The issue of MDGs has also become a reference for many introspective companies committed to community obligations through education, health, poverty alleviation, and environmental conservation programs.
- Competition motivates business. Several respondents said that the nature of business was highly competitive and profit driven. This reality is reflected in CSR allocations, where businesses aim to inspire public trust. It is no longer possible to deny the reality that CSR has become a corporate instrument for shaping company reputations in the eyes of the public.

Patterns and Characteristics of CSR Programs

The inclination to expand fund allocations and other associated influential factors determine the pattern and characteristics of the implementation of a CRS program. Based upon review of existing documentation and extensive interviews, the pattern of CSR is clearly determined by the stature of the company itself. A company's status determines not only specific obligations, but also opportunities available to develop the substance of CSR to be implemented, such as:

- State-owned enterprises (SOEs) are more inclined to refer to government regulations in terms of the percentage of funds allocated to PKBL. In addition, SOEs refer to administrative procedures regulated by law, making the pattern of CSR commitments fairly uniform. However, various social responsibility standards moving forward are colored by the emergence of new issues, such as climate change, which force change within state-owned enterprises, leading to more creative and innovative mindsets committed to CSR programs.
- Private domestic companies are more likely to view CSR as part of their license to operate, that is, a social condition for conducting business. Domestic firms view CSR as a functional means of assuring business continuity, reinforcing reputation, and including the local community around their areas of operation. The CSR pattern for these operations is tailored toward a balance between local contexts and the needs of the company.
- Foreign firms tend to concur with recognized international principles for social responsibility, although they are influenced by industry standards accepted within their country of origin. Industry networks crossing nations tend to recognize broader horizons in their approach to developing CSR programs.

Additionally, CSR characteristics are influenced by corporate culture. Processes behind production and end product will influence development of CSR, as explained in the following:

- Companies in extractive industries, such as mining and oil and gas, are more inclined to accept CSR programs as efforts to influence

stakeholders around their areas of operation. Mining companies use CSR as a means of social conflict mitigation. Companies such as these are frequently scrutinized because of the environmental impact of their operations, making CSR a vital course of action for demonstrating concern for the environment and local community welfare. The CSR focus of these firms normally supports development of basic public services, infrastructure, health, poverty alleviation, various economic programs, and environmental conservation programs.

- Agriculture companies, including farming, forestry and plantations, tend to emphasize social relations with communities in surrounding villages, especially farmers and strategic social groups capable of supporting operations. Companies such as these often experience cases involving land disputes and other local grievances. Efforts to approach and build relations with the local community and cultural leaders are a primary CSR objective. The CSR focus for these firms is on basic needs, including economic programs, health, poverty alleviation, infrastructure, and support for local cultural development.
- Producers of basic food items, cosmetics and pharmaceuticals are more likely to view CSR as fundamental to promoting their products. These companies view society as consumers, making CSR an integral link in their market value chain. CSR for these companies is unique and based on the products they intend to promote, such as baby formula, which benefits the health of both babies and mothers, or staple foods that emphasize the empowerment of farmers supplying raw materials. A company selling beverages observes the importance of street vendors who support product distribution.
- Banks usually emphasize programs suitable to their competencies in providing economic advantage, including offering affordable credit to various community groups. In this manner, banks are indirectly connected to local communities around them, but are more often uninhibited in their support of creative programs for the broader community, where CSR coverage is more flexible and accommodative, compared to the scope of other more customary CSR initiatives.

- Transportation companies depend on the typology of the means of transport, as in whether travel is overland, overseas, or in flight. Land transport firms usually pay extra attention to the families of their staff, rather than the communities in the areas they may operate. Air transport companies are more flexible and open to a diversity of ideas that might lead to the development of unique CSR programs.
- Information and communications technology firms look to the connection between their products and specific consumer market segments. These companies are more likely to focus on the importance of sponsoring events that highlight their products.
- Many smaller businesses observed within this research, including tourism companies, construction service operations, and consulting firms, lacked applicable CSR program designs for sufficient analysis.

This research highlights some of the generic factors influencing the development of CSR programs, including company size (large, medium, and small), company scale (local, regional, and national), and the nature of the company, such as a holding company or a subsidiary.

In addition, the history behind a company influences development of CSR programs. Companies that are long established, specifically, founded before the 1990s, are more likely to have adopted government programs from their very early stages. Implementation factors later led to new approaches to community empowerment. Alternatively, companies that were founded post-2000 tend to implement several standards and global guidelines for corporate social responsibility. Meanwhile, companies founded over the past five years have often begun with creative activities and donations while later branching out into broader aspects of community empowerment.

Research conducted on 28 companies indicated that the majority focused on education issues (19%), followed closely by firms committed to improving the living environment (18%), and health (16%), while other programs focused on the economy, arts and culture, farming, or infrastructure (<10%). This shows that issues involving education, environment and health are the primary CSR subjects nurtured by companies.

CSR Funding Management Scheme

Of 28 companies interviewed, the majority ran their CSR programs in the form of a unit or division within their organization specifically committed to CSR (66%), while a smaller segment reported that all of their CSR activities were managed by other institutions (24%). Fewer still developed what is known as ‘call of proposal’ plans. The largest share of community assistance was in the form of physical goods (19%), capacity building and training (19%), followed by provision of infrastructure (17%), and direct financial assistance, such as scholarships and sponsorship activities (14%).

Program Management Method and Program Design

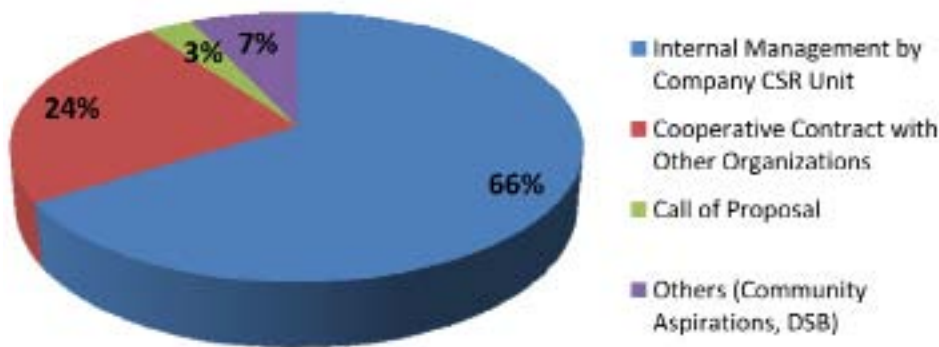
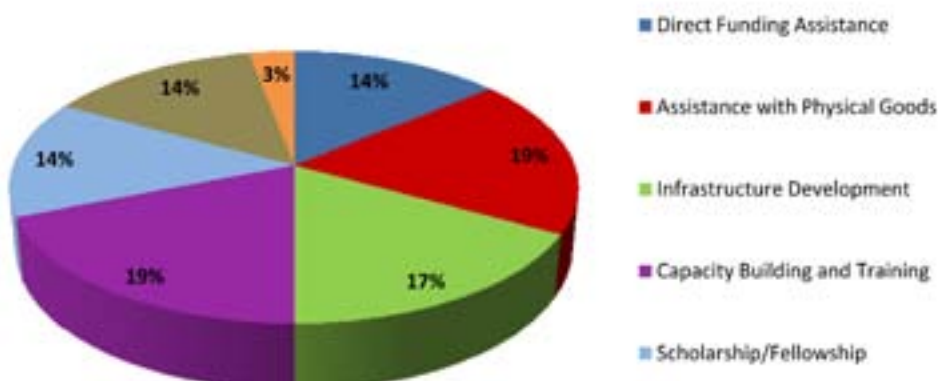


Image 4:

CSR Program Management Method and Program Design

CSR Funding Program



PICTURE :
CSR Funding Program

Partnership for Managing CSR Programs

Regarding partnership models for managing CSR programs, the largest share of respondents said they preferred to work directly with relevant community groups (27%), government (24%), and CSOs (20%). The smallest proportion of respondents opted to work with consulting firms and mass organizations. This demonstrates that CSR programs are more likely to prefer the efficiency of working directly with community groups. Although working with CSOs has gathered momentum, the tendency has not yet reached its wider development potential.



Image 5:
Partners in Managing CSR Programs

Allocation Amounts and CSR Funding Absorption

Of the 28 companies interviewed, a large majority allocated less than IDR 10 billion per year (60%), whereas other companies allocated between IDR 10-25 billion a year, and others still allocated between IDR 25-50 billion a year (10%). A minority of companies allotted over IDR 50 billion per year. Interestingly, not all CSR funds were used for intended funding activities, as 42% of companies had low absorption rates (beneath 50%), 15% of companies had moderate absorption rates (50-70%), and 43% had high absorption rates (over 75%).

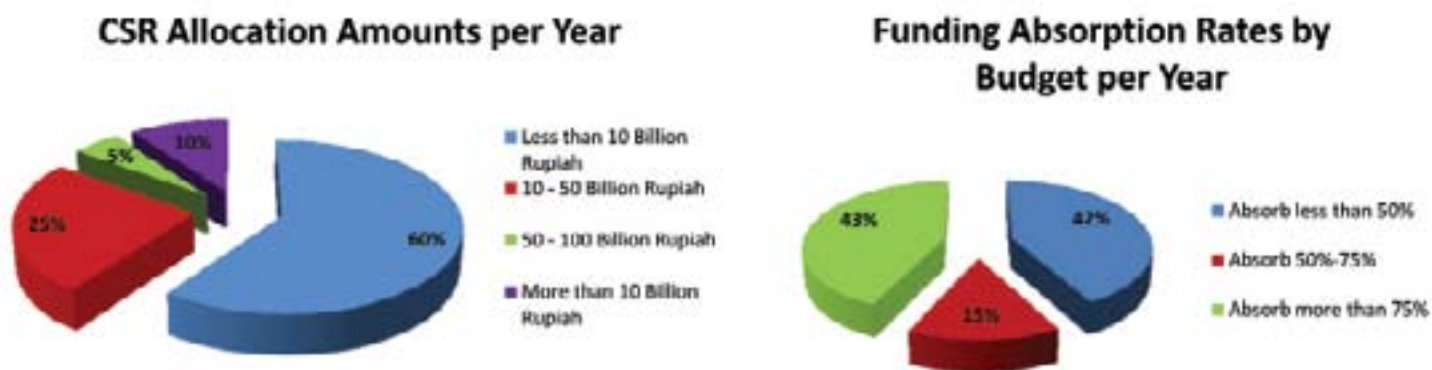


Image 6: CSR Funding Amounts and Absorption Rates

CSR Allocation Amounts per Year

Funding Absorption Rates by Budget per Year

Choosing Partners for CSR Management

Choosing a partner for a CSR program requires focused deliberation, considering factors such as experience, proven competence, legality, personal approach, network access, and recommendations from other parties. These matters show how CSR management is focused more on the capacity and track record of prospective partners in developing cooperative implementation of CSR programs.

Space for Collaboration

Understanding Opportunity for Cooperation with CSOs

CSR Function for Company

Some companies view the utility of CSR as a means of assuring business continuity (25.8%), improving their image (23.83%), or decreasing the likelihood of social conflict (20.81%). Some firms said CSR supported marketing efforts (15.44%), while others cited various other reasons (14.09%). Most companies see CSR as a manner of supporting business stability. CSR is also viewed as a strategic means of mitigating conflict, and a method of improving a company's reputation.

MOST IMPORTANT CORPORATE BENEFITS OF CSR PROGRAMS

Benefit of CSR from Corporate Perspectives

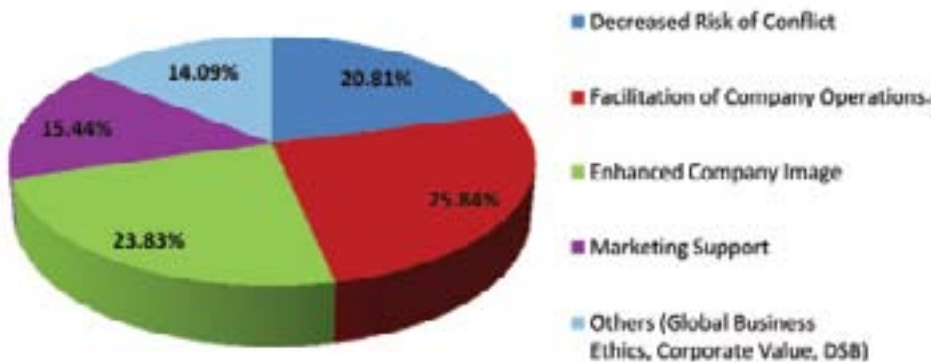


Image 7:

Benefit of CSR from
Corporate Perspectives

Cooperative Opportunities for CSR and CSOs – Corporate Perspectives

The majority of companies said they do seek access to opportunities for cooperation with CSOs. Unfortunately, most firms admit that, in their experience, they have encountered communication difficulties in dealing with CSOs. One of the main communication obstacles involved differences in values between CSO platforms and CSR objectives. Certain businesses viewed some CSOs negatively based on the following points:

- CSOs are experts at developing concepts and presenting studies, but are less adept at implementing field work, and are often utopian, impractical, and lack relevance.
- CSOs frequently endorse programs that do not correspond with business priorities. They occasionally are fanatical in championing certain issues while failing to recognize other evolving matters, and prefer pursuit of advocacy rather than development concerns.
- CSOs are often overly independent and incapable of nurturing collaborative strategy.
- CSOs can be unprofessional and administratively incompetent in terms of diligent documentation, reporting, and publication.

Businesses have suggested that when collaborating with CSOs, several conditions should be met, such as:

- Cooperation must be based upon mutual benefit.
- CSOs must maintain professionalism, be capable of safeguarding cooperation commitments, and understand and agree upon CSR mechanisms and procedures.
- When comprehending society in greater detail, CSOs must focus on those in receipt of benefits, not only on the interests of their own organization or company deficiencies.
- CSOs must be capable of synergizing both social and business interests.

Opportunity for CSR and CSO Cooperation – CSO Perspectives

Conversely, CSOs have their own perspectives on communication complexities when dealing with companies, as outlined below:

- CSR is considered one small aspect of overall corporate image. It has been called cosmetic capitalism, or a simple tool to pacify communities.
- CSR is not managed transparently in terms of reporting and offering information, and is organized as an awkward bureaucratic corporate scheme.
- CSR still largely comprises charitable programs that ‘provide fish, but not fishing gear’, and therefore do not result in longer term community empowerment.
- CSR efforts do not sufficiently comprehend or accommodate the unique characteristics of programs carried out by CSOs.
- CSR programs always favor local concerns that only benefit corporate interests, particularly around the areas of a company’s operations, while neglecting other regional needs of greater necessity.

However, CSOs also recognize the potential that CSR funding has in developing pilot projects for important issues at the local level, and have suggested the following caveats:

- CSOs must be selective in development of cooperative endeavors with businesses to ensure they do not contradict their own vision, mission, and values. Several CSOs have claimed to be very open to cooperation with CSR efforts and State-owned Enterprises.
- For the public interest, there must be increased transparency and openness of information about CSR administration.
- Agreement must be reached on integral mechanisms for implementation of CSR by CSOs.

Communication Barriers between CSOs and CSR

The realities mentioned above portray impediments obstructing communications and synergies between CSR efforts and CSOs, which are based upon the following three factors:

- Factors involve both ideological standpoints and the consequences actions have upon social realities. Ideological dilemmas have been difficult to differentiate, because they involve reliance on both precise understandings and variable appraisals. As such, the CSO spectrum is a broad stream, involving diverse characteristics. There is still potential to determine synergies for collaboration between CSR and CSOs without ideological disagreements.
- Regarding organizational culture, there are differences between CSOs, which are more 'egalitarian', whereas companies are procedurally more hierarchical. In reality, in this context there remain psychological implications. This can be overcome with intensification of processes of mutual understanding between both perspectives. This could reduce the impacts of organizational culture by shrinking potential hurdles confronting mechanisms aimed at more fluid cooperation for greater interests.
- Mechanisms for working together should involve factors of practicality. Often this is the source of problems behind the level of desired openness of information and the frequency of efficient communication. Because of this, lack of knowledge and insufficient media communication makes collaboration more difficult. This third factor is instrumental for seeking a collaborative model that could be the key to progress.

Collaboration Models

Seeking Best Practices for CSR and CSO Collaboration

Aside from various difficulties in collaboration encountered while conducting research, several companies have already begun developing structured, cooperative partnerships with CSOs.

This has become important for empirical field study models. The most general model is a cooperative contract for administering and implementing activities.

Firms are providing CSR donor support, while CSOs implement company CSR programs through a cooperation contract.



This was undertaken as follow-up to more innovative approaches to cooperation between CSR and CSOs, and uncovered two interesting models worthy of further investigation:

- The Unilever Indonesia Foundation (YUI) *Inclusive Business* CSR model for cooperation between CSOs and Gajah Mada University, formed to empower black bean farmers.
- The *Grant Making* model of cooperation between PT Chevron and the KEHATI Foundation to conserve a forest corridor in the Gunung Halimun Salak National Park.

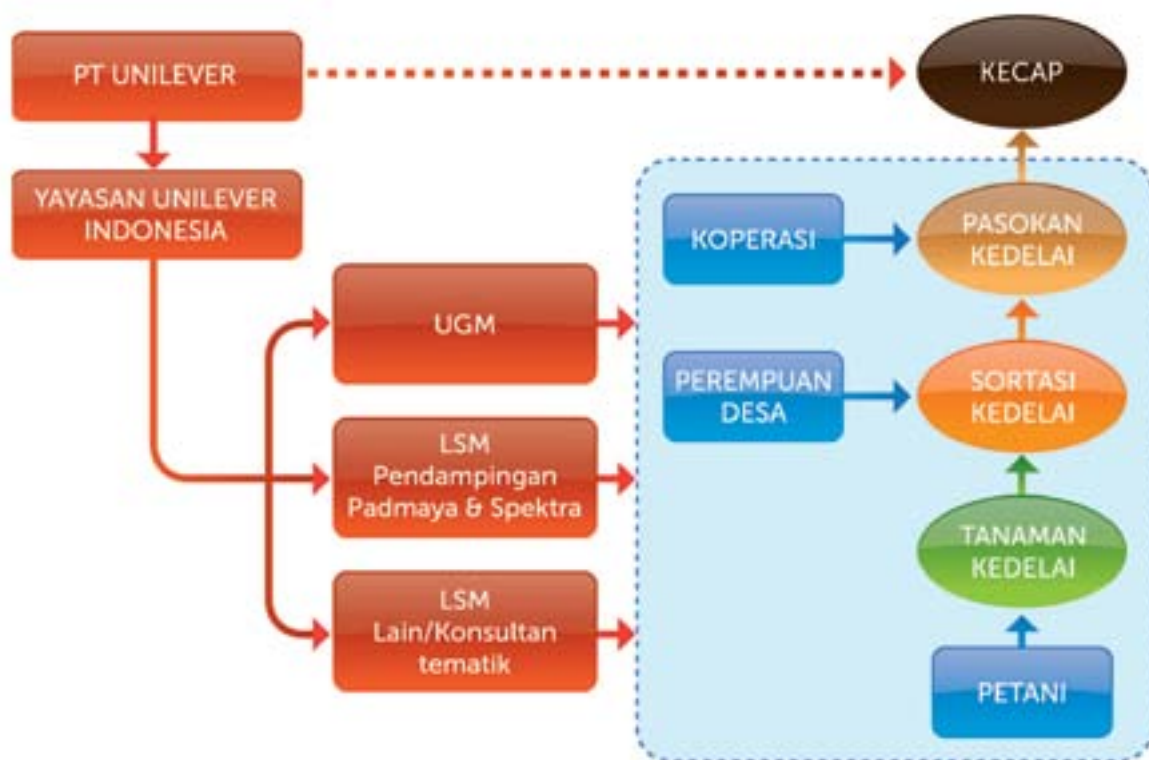


Image 8: The YUI Black Bean Chain of Cooperation (Inclusive Business Model)

PT Unilever ----- Kecap Unilever Indonesia Foundation

Gaduh Mada University ----- Cooperative ---NGO

Other NGOs/Thematic Consultants ----- Village Women

The Unilever Indonesia Foundation has a superior product, *kecap*, a condiment derived from black soybeans. YUI views the importance of empowering families who farm black soybeans as essential for the *kecap* industry. For this reason, YUI has worked together with UGM in developing new varieties of black soybean, which had once been almost abandoned. They came up with a new black bean, known as Mallika. YUI also worked with a CSO, the Padmaya Foundation (Yogyakarta), and the Spektra Foundation (Sidoarjo), to assist farmers in assembling a black soybean farmer association in several regencies in the south of the Island of Java.

YUI also saw the importance of the role of women in the sorting of black soybeans, which is done manually to protect material supplies. In this way, YUI also supported development of a program specifically designed for the wives of black soybean farmers. At the same time, farmers were organized within a cooperative to work with the black soybean's supply chain.

From the YUI model, a means of implementing PT Unilever Indonesia CSR has helped grow their business in a more comprehensive manner by opening opportunities for inclusion of black soybean farmers in the product's supply chain. Aside from economic aspects, there is also a conservation dimension within a program for sustainable use of the Mallika variety in an effective and sustainable manner. This model also accommodates the importance of considering gender aspects and the inclusion and empowerment of village women.

PT Chevron is a natural gas company operating in the Gunung Halimun National Conservation Park. Many efforts have already been undertaken based upon Chevron's CSR efforts to support the Balai Gunung Salak National Conservation Area. However, concerns over effective answers to questions of forest preservation remain. A forest corridor is a strip of forestland connected to the forests around Halimun and Salak mountains, where conditions have deteriorated to the point of near fragmentation due to the impacts of development.

The idea of supporting development of a cooperative relationship with the KEHATI Foundation emerged; a CSO introduced a 'Grant Making' institution. PT Chevron, the KEHATI Foundation, and Balai Taman Nasional are formulating a conservation agenda to be carried out through joint strategic planning.

CSR at PT Chevron provides specific funding to the KEHATI Foundation and Balai Taman Nasional as a Grant Making institution to work through NGOs and community organizations capable of competently implementing community-driven conservation efforts in the field. A number of NGOs and community groups have critically opposed PT Chevron, and seek to mobilize opposition because they have not yet received funds directly from Chevron, but instead have to deal with the KEHATI Foundation.

With competent local NGOs contributing to both conservation and community inclusion, efforts to preserve the forest corridor have begun to produce results. These activities, in a legal capacity from Balai Taman Nasional, have led to synergies between the CSOs, PT Chevron CSR, the government, and the KEHATI Foundation as a bridge between the three.

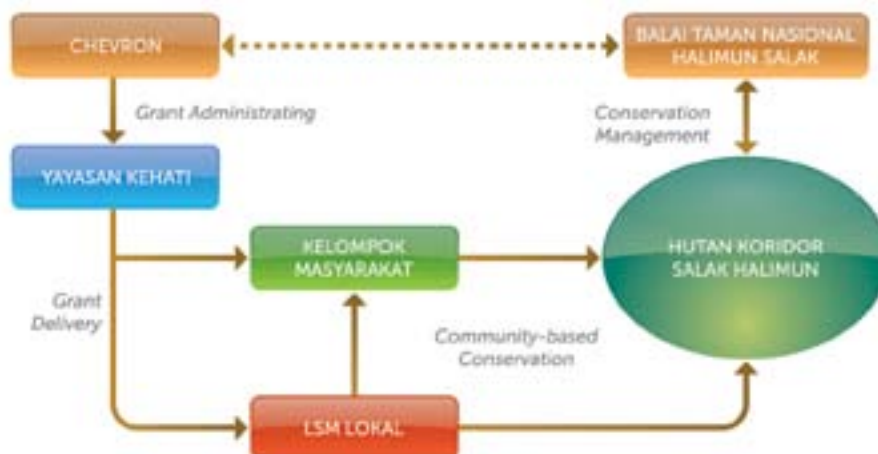


Image 9: Chevron Case. Salak Forest Corridor Conservation (Grant Model Making)

Chevron ----- Mount HalimunBalai National Park

KEHATI Foundation ----- Community Groups

SalakHalimun Forest Corridors

Local NGOs

Other CSR development models include those conducted by PT Sari Husada, in support of ‘Community Pioneers’ in the area of public health. Pertamina developed a garbage bank for cities. BNI supports urban green areas and micro hydro systems, while PT Jaya Ancol supports community schools.

The keys to success for these collaborative models are creativity and uniqueness, which stem from ongoing dialogue between CSR programs and CSOs. Best practice models grow as a result of innovative new ideas stemming from the more general approach to CSR.

Jembatan Tiga

Bridging the Three Pillars of Development

At this time in Indonesia there is a tendency to raise CSR funding allocations due to government pressure, increasing corporate profits, evolving global standards for sustainable management procedures, and rising expectations of corporate social responsibility. This includes policy trends emerging from decentralization and regional autonomy, and new development issues, such as climate change and MGDs/SDGs, along with the competencies of companies and their CSR efforts. These CSR funding allocations have not yet completely met global transparency standards. At the same time, development of CSR funding shows great potential for supporting partnership in sustainable development and strengthening the role of civil society.



CSO groups now face major challenges, including decreased funding from foreign donor organizations. CSR funds can be an alternative for funding CSO activities. Communicative bridges are needed to develop more intensive dialogue for cooperative partnership between CSR and CSOs. This is related to the reality that there are negative perceptions and communication problems. CSOs need to open themselves to further understanding of CSR standards, planning mechanisms, and priorities. At the same time, CSR management needs to better understand the organizational characteristics of creative programs within the CSO community.

Most importantly, the development of collaboration models must be capable of learning from practical realities experienced in the field. A number of models need to be considered for collaboration between CSOs and CSR, including *Inclusive Business*, which incorporates CSOs in strengthening communities in the supply chain and company operations, or *Grant Making* models, where CSOs play a role funding management. At this time, this model for funding CSOs is still in development, especially in terms of cooperatives and global conservation.

Cooperation and partnership between CSR efforts and CSOs needs media communication and dialogue, while at the same time, further progress is required of the three development pillars; government, the private sector, and civil society. Cooperation between CSR intentions and CSO efforts will benefit all sides in meeting mutually acknowledged needs and priorities, for creative social and environmental programs capable of ensuring continuity with long-term impact.

Bridge of Sustainability

As a result of this research, the Panabulu Foundation supported the development of *Jembatan Tiga*, which hopefully has the capacity to become a concrete example in strengthening the role of civil society through efforts to reformulate and facilitate the experiences of the public, government, and the private sector for community organizations and civil society.

Strengthening the pillars of civil society over the long term requires the full support of the public, government, and the private business sector. A balance of positions, roles and influence between all actors will increase room for synergies and determine the extent of sustainable success that might be achieved.

Jembatan Tiga work has positioned itself as a link between all sectors for accomplishment of development goals. *Jembatan Tiga* will help all related parties, with respect for the importance of each particular interest having an accurate portrait of conditions and situations, along with understanding of the challenges and social problems confronting the community. To achieve optimum collaborative potential for empowering communities in Indonesia, *Jembatan Tiga* will facilitate cooperation and accommodation of the perspectives of all sides.

Jembatan Tiga will work intensively with development sectors in Indonesia to determine cooperative models for programs involving multiple partners with the greatest potential to collectively drive and implement the best practical management of programs for each sector mentioned. This cooperative effort seeks an ideal path toward responsible and sustainable development that would fulfill the needs of the present without compromising the capacities and pursuits of future generations.