



## CIVIL SOCIETY INITIATIVE AGAINST POVERTY

Indonesia's mass-based Muslim organizations are increasingly at the forefront of new policy reform efforts to reduce poverty and improve governance at the city, district and provincial levels. The Asia Foundation has supported these efforts in a concerted fashion through partnerships with Muhammadiyah, Nahdlatul Ulama, and highly skilled technical advocacy and governance reform NGOs. This program builds on existing networks of Indonesian mass-based Muslim organizations by bringing the influence and credibility of Islamic organizations together with the technical advocacy experience of economic reform groups.

Working together at the local level, these organizations influence policy and governance practices towards pro-poor outcomes. The program improves governance by utilizing citizens' forums at the village and district levels to represent the interests of the poor, advocate for improved services, and reform regulations and other hindrances hampering economic growth in sectors important to the poor. Since its launching in 2005, this initiative has achieved considerable success in establishing local budget councils, and producing substantive pro-poor reforms in local budgets and regulations.

### POVERTY IN INDONESIA

More than half of Indonesia's population lives on less than two US dollars per day. Despite the national economy's annual growth rate of 5-6%, poverty rates have not dropped, and private sector job creation - the single most important form of poverty reduction - has only been modest. Recent decentralization measures have devolved power to the provinces and districts, resulting in many positive impacts and opportunities for more responsive services and greater participation in policymaking.

The nationwide local elections that began in 2005 have increased incentives for good governance. However, the transfer of power to the regions has also created revenue pressures on local governments that are being met by increased user fees for public services and taxes that handicap small businesses and inhibit job creation.

Ill-advised policy decisions, corruption and environmental problems further affect the poor. Mobilizing large numbers of poor citizens, especially in rural areas, and bringing their rarely-heard voices to bear on the political process is the central work of this initiative implemented by The Asia Foundation and its partners.

### THE IMPORTANCE OF ISLAMIC MASS-BASED ORGANIZATIONS

Recognizing the centrality of religion in Indonesia's social and political landscape, for nearly 40 years the Foundation has considered mass-based Islamic organizations as key development partners supporting economic reform and democratization. With a combined membership of over 60 million, these mass-based organizations exert a powerful influence that played a crucial role in Indonesia's democratic transformation. This influence, combined with a level of legitimacy unequaled by other government or private bodies, has allowed these organizations to gain access to key government institutions and to mobilize public support for reform. Through partnerships with advocacy and governance reform organizations with a strong technical expertise, this program raises the capacity of Muslim mass-based organizations to engage in policy discussions, and enhances their ability to react to critical issues with well-orchestrated advocacy campaigns.



#### INDONESIA

The Asia Foundation has partnered with Indonesia's mass-based Islamic organizations for nearly four decades on education, democracy, and governance reform.

More than 7,000 people came together for an "Islamic Forum" in Lombok in July 2007 to promote greater budget transparency and public participation in the budget process.

Indonesia's Islamic organizations are actively advocating for pro-poor local regulations and the reallocation of local budgets to enhance public services.

## ACHIEVEMENTS

The grounded knowledge and flexibility that partnerships with local organizations bring to the program are the key to its success. By being responsive to local conditions, Foundation partners have achieved budget and policy reforms through approaches that are tailor-made for each district. Highlights of this program's achievements include:

- Foundation partners in Pekalongan, Dompu, and Sumbawa Barat have signed long-term commitments to assist local governments in drafting poverty reduction regulations and development plans.
- Pattiro's Surakarta branch, working the Surakarta Muslim Women's Union, composed of NU and Muhammadiyah women's organizations, is assisting the city's mayor in engaging constituents in local development planning and monitoring. As part of these efforts, they have published and distributed the city's annual budget and helped the city raise spending on basic health services by 50% without damaging other sectors.
- The Surabaya-based Indonesian Muslims' Business Association has successfully piloted an alternative to *halal* certification for food and beverages in the city of Malang. Previously, the costs for *halal* certification have been prohibitive for small enterprises.
- LBH Surabaya's advocacy efforts have led to a Rp. 3.9 billion increase in expenditures for programs to support the informal sector.
- Lakpesdam Nahdlatul Ulama is training religious leaders on basic budget advocacy skills so that they can use their influence to bring about pro-poor policies.

## THE FOUNDATION'S APPROACH TO PARTNERSHIP

The Asia Foundation is especially suited to assist Indonesian organizations to form coalitions between Islamic groups and NGOs specializing in economic reform and rights advocacy. Through its Islam and Development programs, the Foundation has been supporting over 30 Muslim mass-based organizations and NGOs in their

efforts to strengthen communities, build democratic practices and institutions, and improve economic well-being, for over a decade. Many of these organizations led Indonesia's civil society efforts to ensure the success of the 1999 and 2004 elections through nation-wide voter education and election monitoring programs, which effectively mobilized Muslim mass-based organizations, including both Nahdlatul Ulama and Muhammadiyah. The Asia Foundation's Indonesia Rapid Decentralization Appraisal (IRDA) provided essential, first-hand information on Indonesia's spectacular decentralization process through collaboration with 28 research organizations in 40 districts; and its economic program supports private sector policy reforms, streamlines business licensing and registration and promotes a better business environment together with partners across the country. The Foundation's gender and women's participation program partners are experts in organizing campaigns and advocacy. The Civil Society Initiative Against Poverty draws from those and many more resources the Foundation has fostered in Indonesia for over 50 years.

## SUSTAINABILITY

The coalition between budget advocacy organizations and mass-based Muslim groups is unprecedented, and has created a lasting network of organizations that greatly enhances the effectiveness of the program. In the districts where this program is being implemented, heightened public awareness and the establishment of community forums to analyze and advocate for budgetary reform point to long-term change. Most importantly, as result of this program, budget advocacy and local governance reform skills are being transferred to mass-based religious organizations that will pave the road for similar efforts throughout the country.

*For additional information on The Asia Foundation's Civil Society Initiative Against Poverty or other programs in partnership with Muslim mass-based organizations, please contact John Brownlee ([jbrownlee@tafindo.org](mailto:jbrownlee@tafindo.org)) or Alam Suryaputra ([alam@tafindo.org](mailto:alam@tafindo.org)).*

*The Asia Foundation is a private, non-profit, non-governmental organization committed to the development of a peaceful, prosperous, just, and open Asia-Pacific region. The Foundation supports programs in Asia that help improve governance and law, economic reform and development, women's empowerment, and international relations. Drawing on 50 years of experience in Asia, the Foundation collaborates with private and public partners to support leadership and institutional development, exchanges, and policy research.*

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