



LOCAL VOICES ON HUMANITARIAN REFORM: A BRIEFING SERIES FROM INDONESIA

OCTOBER 2021

ABOUT THE BRIEFING SERIES

This series of reform briefs was produced as part of the *Building a Blueprint for Change* research stream of the **Humanitarian Horizons research program. This research is conducted by **Humanitarian Advisory Group (HAG)** and the **Pujiono Centre** and is funded by the **Australian Department of Foreign Affairs and Trade**.**

The *Blueprint* research seeks to provide an evidence base to progress transformative change in the humanitarian system at the country level, focusing on Indonesia. It investigates local conditions and drivers of reform to propose a path forward, examining connections and distinctions between Indonesian priorities and global reform agendas.

Phase 1 of this research consulted a diverse range of stakeholders across Indonesia to identify four priority areas for reform in Indonesia: coordination, accountability, capacity strengthening and funding.¹ Phase 2 of the research revealed that the success of humanitarian reform in these four areas depends heavily on who is included and excluded in reform efforts. The research demonstrates that local actors in Indonesia are regularly excluded from reform debates and decision-making forums, with critical informal actors often overlooked.²

In order to help elevate local and national voices to ongoing reform discussions at the national and international level, the *Blueprint* research

¹ For more information about phase 1 of the *Blueprint* research, please see: HAG, 2020, [Building a Blueprint for Change: Laying the Foundations](#).
² The findings from phase 2 of the *Blueprint* research will be detailed in the final research report, forthcoming in September 2021.

reached out to four key humanitarian partners in Indonesia to provide on the ground insights into priorities, lessons and opportunities for meaningful change in Indonesia. Each partner was presented with questions relevant to the Blueprint project, but ultimately the content of each briefing was determined by the organisation according to specific priorities and needs.

The submissions were edited by HAG and Pujiono Centre for clarity and consistency for this briefing series. The series is available in English and Indonesian. These briefings contributed significantly to the final report for the Blueprint project (forthcoming) and will be elevated as an advocacy tool for humanitarian reform efforts in Indonesia.

About the partners

Humanitarian Forum Indonesia (HFI)

HFI is a consortium of 15 national and international faith-based organisations in Indonesia committed to improving relationships between humanitarian actors and communities. The network seeks to strengthen capacity building, coordination and partnership among humanitarian actors. HFI works in advocacy to promote humanitarian principles, implementation of humanitarian programming and the development of communication and information management systems.

Jejaring Mitra Kemanusiaan (JMK) *Humanitarian Knowledge Hub*

JMK is a consortium of 23 local and national organisations that are supported by Oxfam Indonesia. The consortium was established in 2017 as an effort to share knowledge between Oxfam's local partners spread across various regions in Indonesia. All partners of JMK were originally development NGOs who have been trained in humanitarian skills and competencies. The consortium has a large network across Indonesia and has developed its own cluster approach for delivering development and humanitarian programming that is fully locally managed.

Palang Merah Indonesia (PMI) *Indonesian Red Cross Society*

PMI is a member of the International Federation of Red Cross and Red Crescent (IFRC). The organisation maintains a strong volunteer network and community-based expertise in humanitarian work. As a National Society, PMI strives to improve humanitarian standards, work as a partner in development, respond to disasters, support healthier and safer communities and reduce vulnerabilities to strengthen resilience.

Muhammadiyah Disaster Management Centre (MDMC)

MDMC is part of the vast network of Muhammadiyah, one of the largest Islamic NGOs in Indonesia. MDMC was established to overcome impacts of disaster, and to educate communities to prepare for and prevent future damage from disasters. MDMC operates with the spirit of Islamic values through the extensive volunteer network of Muhammadiyah.

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Cover photo: Lembang, West Bandung Regency, West Java, Indonesia. Devon Daniel, Unsplash



HUMANITARIAN REFORM BRIEF: COORDINATION

Coordination is an essential element in the management of disaster and humanitarian issues in Indonesia. Although coordination capacity at the national level has increased in recent years, there is a need for more effective contributions from coordination platforms and partners at local levels. To achieve transformative change requires elevating coordination as a specialised practice and not just a cross-cutting issue, and demands serious investment from key stakeholders.

This briefing note reflects on the current structures, strengths and weaknesses in humanitarian coordination in Indonesia, and identifies opportunities for reform. The brief was developed by Surya Rahman Muhammad, Executive Director of Humanitarian Forum Indonesia, for the [Building a Blueprint for Change](#) project in Humanitarian Advisory Group's [Humanitarian Horizons](#) research program. Its perspectives informed the Blueprint project's final report.

THE CURRENT STATE OF PLAY

The Disaster Management Law of 2007 established national, provincial and municipal/city-level authorities to coordinate humanitarian response. Local government officials, however, have differing coordination capacities and some are unaware of their mandates, authorities and standard operating procedures (SOPs) to apply in times of crisis.

The Government of Indonesia (GoI) has adopted the 'cluster approach' with support from the United Nations Office for the Coordination of Humanitarian Affairs (OCHA). Government authorities, UN agencies and INGOs work well together in the clusters. However, the level of commitment of the various leading sectoral ministries and agencies varies, and this hampers the clusters' function. There have been reports of aid gaps in hard-to-access locations; to ensure that all those in need receive help according to overall priorities, aid gaps must be filled and duplication reduced.

In medium to large-scale crises, especially when local responders are affected, local coordination systems require assistance from national authorities

and, in many cases, from civil society organisations (CSOs). There are opportunities to strengthen coordination, including optimising the relationship between government and civil society, promoting local organisations' ownership of local coordination, and enhancing their capacity to participate in coordination meetings during responses to major disasters. Other possibilities include strengthening information management, improving understanding of procedures, and investing in coordination as a standalone competency.

Existing coordination models in Indonesia

Government-led: The government-led coordination model is based on command and control. Documentation suggests that coordination is often fragmented, with a persistent gap between the national and local levels. Over the last three years, the GoI formed the Integrated Command Post with support from the military, along with a National Auxiliary Post to support local response operations. Previously, the relationship between two ad hoc national outfits and local authorities in emergency response sites was unclear.

Sectoral or locality-based: Recent disaster responses in Central Sulawesi and West Sulawesi showed how collaboration between local government, non-governmental organisations (NGOs), CSOs and other elements occurs through the cluster and sub-cluster approaches. The cluster system means some policies become easier to implement, although sometimes decisions in cluster coordination are hampered by national policies.

Government and CSO/NGO joint led: In the Central Sulawesi response, a CSO/NGO team was deployed to initiate, establish and facilitate local coordination to enable the local government's conventional coordination to become more attuned to humanitarian response.

PRIORITIES FOR STRENGTHENING HUMANITARIAN COORDINATION

1. **Strengthen local response coordination capacity.**

Greater awareness and understanding of standard coordination practice are needed to ensure that mandated officials in local governments know how and when to exercise their coordination authorities. Officials of the government coordination agency need to be able to carry out coordination as a problem-solving function rather than merely as routine activity. The current narrowly defined local coordination mechanisms limit the potential of CSOs/NGOs to broaden and elevate issues to their national platforms in order to influence government policy and practices.

2. **Upgrade response coordination as a standalone competency.**

Actors leading and participating in local coordination should possess sufficient coordination competency. In the absence of it, local coordination consists mostly of information exchange about the individual agencies' completed or planned activities. Emergency needs, challenges and opportunities cannot be addressed through collaboration and collective strategic planning if the participants lack a full understanding of coordination. Some attend coordination meetings without having sufficient information or authority, and some are rotated

before being able to contribute to the response operation. Some organisations combine the coordination function with field implementation, which is problematic in terms of time, resources and effective communication. Coordination should be recognised and even accredited as a standalone competency, not treated as a cross-cutting theme that is often diluted.

3. **Invest resources to improve coordination.**

Donors and coordinating organisations need to invest in coordination. This could be via teams specialising in coordination, specific funding allocation for coordination, and complementary resources to ensure the application of culturally appropriate local coordination. For example, the cost of providing small snacks at coordination meetings is rarely covered in programmatic budgets, even though this is a form of Indonesian cultural communication.

There are also opportunities to fund or seek support for the mobilisation of coordination capacity assistance from large national organisations during a crisis. This could, for example, follow the Australian RedR model, using personnel trained by Gol or OCHA staff.

STEPS TOWARDS SYSTEMIC CHANGE

Coordination involves critical knowledge and skills, such as facilitation, mediation, conflict management, interpersonal skills, information management, human resource management, and knowledge of context. Especially in large-scale and long-term crises such as the COVID-19 pandemic, coordination requires specialised skills that are different from other functions, like command or disaster management roles. Some steps towards the promotion of systemic improvements in humanitarian coordination in Indonesia are listed below.

- ▶ **Increase training and qualification expectations for coordinators.** Competence in and mastery of coordination requires special approaches and methods, as well as practical applications. Such competence requires continuing professional development.
- ▶ **Develop standard procedures.** There is currently no standard reference literature for coordination. Many coordination managers carry out their functions based on interpretation and experience, which can be difficult to pass on informally.

- ▶ **Recognise CSO/NGOs as legitimate participants in coordination platforms.** Collaborative governance and the Gol's pentahelix approach require the involvement of civil society as a strategic partner in making decisions and policies on humanitarian affairs.
- ▶ **Strengthen local government.** Local governments need the capacity to differentiate coordination from command functions, and develop coordination models that are appropriate to their respective contexts and needs. The central government should implement a program to strengthen local government coordination capacity.
- ▶ **Reinvigorate local coordination platforms.** Local platforms that involve elements such as Disaster Risk Reduction Forums (FPRBs) are culturally appropriate avenues for coordination. It is necessary to finalise the draft BNPB policy on the establishment of FPRBs as strategic partners of local governments, and allow them to be quickly repurposed for emergency response coordination when required.
- ▶ **Increase the consistency of national and local policies.** Improved coordination requires consistency in the government's policies on coordination, especially those involving humanitarian actors. Proper SOPs for coordination would help promote consistency in national and local government policy.

Area-based coordination: a possible model for Indonesia?

Area-based coordination is based on the idea that coordination is strengthened when activities are organised by geographical area rather than by sector. According to the [Center for Global Development](#), area-based approaches 'treat needs holistically within a defined community or geography; provide aid that is explicitly multisectoral and multidisciplinary; and design and implement assistance through participatory engagement with affected communities and leaders.'

In Indonesia, models of area-based coordination need to be tested with modifications. One possible approach is multi-sectoral coordination of grassroots and local actors, as opposed to a traditional downward extension of the international humanitarian system. Piloting this model could determine whether regions can achieve better coordination despite different characteristics and local politics. An area-based coordination approach could improve humanitarian coordination through:

- ▶ Enhanced understanding and analysis of local political and socio-cultural issues
- ▶ Involvement of more key local figures
- ▶ Strengthening capacity investment and encouraging policies at the local level
- ▶ Development of humanitarian response that includes an exit strategy.

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HUMANITARIAN REFORM BRIEF: ACCOUNTABILITY

Experiences in Indonesia and elsewhere show the weakness of accountability to affected populations (AAP). In short, affected communities are rarely or only minimally involved in the implementation of the assistance they receive. Sometimes they are not given opportunities to provide input; sometimes they provide input or feedback, but no action is taken; sometimes their feedback is acted upon by some organisations, but others do not change their behaviour.

Affected communities are still seen as victims and vulnerable, so they are always positioned as recipients of aid. Without community involvement in decision-making, responses are prone to missing targets, inappropriate types of intervention, disharmonious relationships, crises of trust, duplication of aid, inconsistencies, and lack of sustainability, problems that are ultimately left to the community to resolve.

This briefing note reflects on opportunities to strengthen AAP in Indonesia through greater, more contextually sensitive investment and the creation of a common understanding. The brief was developed by Harris Oematan of Jaringan Mitra Kemanusiaan (JMK) for the [Building a Blueprint for Change](#) project in Humanitarian Advisory Group's [Humanitarian Horizons](#) research program. Its perspectives informed the Blueprint project's final report.

ELEMENTS OF ACCOUNTABILITY

Accountability, an important principle in humanitarian action, aims to improve the quality of response, trust and equality of relations between donors, government, internal organisations or networks, and the affected population. It draws on three key elements:

- ▶ **Quality of response** – compliance with standards including program implementation, financial and procurement as verified through monitoring, evaluation, reporting and learning documents
- ▶ **Trust** – the level of confidence of stakeholders and the affected population, which is built through field visits, dialogue meetings, and appropriate response to inputs and feedback

- ▶ **Equality** – mutual respect without domination and discrimination amongst donors, management, staff, and affected populations, or other forms of discrimination based on ethnicity, religion, race, and affiliations (suku, agama, ras, dan antargolongan – SARA).

The highest form of accountability is accountability to the targeted community. Vital components are listening, understanding and acting on their concerns and needs in assessment, socialisation, implementation and recovery.

Accountability in different organisations

There is currently little common understanding of what is meant by humanitarian accountability in Indonesia. The establishment of the Risk Communication and Community Engagement Working Group generated some progress in opening meaningful dialogue and feedback loops with affected communities. However, government, civil society organisations (CSOs), the private sector, religious organisations and local and international non-governmental organisations (NGOs) maintain different views and approaches to accountability, creating confusion. Accountability is generally understood as financial and procedural accountability to the funder, leaving many local institutions more anxious about audits than community perceptions of their work.

Local and international actors have different understandings and models of accountability. In general, local actors focus on rapid response, so that affected communities can be assisted immediately without having to negotiate bureaucratic processes and complicated administration. This simplified decision-making means local actors are often effective in the initial response and very strong in coordination, acceptance of the community and level of trust, but weak in financial and administrative accountability. Meanwhile, international actors are more likely to comply with institutional regulations, but as a consequence their response processes tend to be delayed compared to those of local actors.

STRENGTHENING ACCOUNTABILITY TO AFFECTED COMMUNITIES

Accountability to affected communities must be prioritised; however, the pathway to achieving it is unclear. International initiatives designed to improve AAP have not translated well to Indonesia for the most part. Issues that need to be considered when seeking to improve AAP are listed below.

The importance of elevating the faint voices of affected populations. Indonesian affected populations are typically timid. Their gratitude for being assisted and given relief reduces their willingness to make demands or complain. Needs assessments that rely solely on formal local government mechanisms are likely to miss these faint voices and result in the provision of uninformed, mismatched and inadequate assistance and programs.

Building accountability should be prioritised as an investment. Local aid organisations often take their familiarity with the affected population for granted and do not allocate funding for AAP in their program proposals. As a result, they risk program mistargeting, wasted resources, and even worse, doing more harm.

Leadership in the community may have different priorities. While most local leaders can be trusted to promote the interest of their communities, there are exceptions. For example, the following models of leadership pose challenges:

- ▶ **Money-oriented leaders** target larger aid organisations to solicit financial benefit and, in effect, limit the access of local and smaller organisations
- ▶ **Self-serving leaders** direct local aid organisations to allocate relief to certain communities that are not the most severely affected, creating envy, distrust and rejection
- ▶ **Inclusivity-blind leaders.** In strong patriarchal societies, leaders are typically gender-blind and ignorant of the importance of inclusivity. This is reflected in the composition of committees and working groups, meeting participants, and the allocation of assistance.

The lack of involvement of vulnerable groups.

Vulnerable groups – such as women, children, the elderly, pregnant women, youth and disabled persons – are positioned as objects in the plan and generally excluded from consultations with local leaders. Under normal conditions, the level of participation of vulnerable groups is inadequate; when a disaster occurs, the voices of vulnerable groups become fainter and may even disappear.

Different approaches across humanitarian and development organisations. Local responders, especially those who are not from humanitarian backgrounds, take AAP for granted and may not fully appreciate the need to consult the affected population in decision-making from the very early stages of a response.

Inconsistent levels of support. Local responders generally provide humanitarian assistance only during an emergency response, for example, in the first two weeks or one month since the incident, with AAP dissipating accordingly. More complete responses are usually undertaken by international and local NGO partnerships, depending on commitment and budget availability. Sometimes help is abundant, and other times there is no help at all.

Accountability has not become a part of organisational culture. Local aid organisations focus on helping the affected populations to become 'safe and well'. The impact of assistance on life and resilience are of less concern, and thus monitoring and evaluation has not become part of organisational culture. Few local aid organisations have policies, structure, mechanisms and dedicated resources and personnel for monitoring, evaluation and learning (MEAL).

BUILDING A COMMON UNDERSTANDING OF ACCOUNTABILITY IN INDONESIA

There is a clear need for a contextually relevant concept of accountability that the Indonesian government and all other stakeholders can easily understand and own. It could be adapted from the Core Humanitarian Standard. The concept must be able to drive measures that feed into decision-making at the most senior levels and focus on delivering the most important outcomes for affected communities. It should be incorporated into any reform initiatives directed at coordination, funding and capacity. The following actions can help to achieve this goal.

- ▶ **Invest in local level accountability-related capacity.** National and local organisations need to invest energy and resources to strengthen local actors' capacity to apply values and codes of conduct with regard to accountability for program funding and implementation.
- ▶ **Elevate accountability.** Ensure that AAP is the main criterion in local and international partnerships as well as the main topic in program induction. Devise and disseminate indicators of accountability to the community, so that they can be understood and achieved by all project teams.
- ▶ **Apply feedback mechanisms.** Aid organisations should implement a feedback mechanism and encourage the affected populations to use it to ask questions, make complaints, and give suggestions. Such a mechanism must be designed in the early stage of the project, such as during the proposal writing phase. (See below for a summary of JMK's feedback mechanisms.)
- ▶ **Involve vulnerable groups throughout.** To ensure that vulnerable groups participate and become a priority for assistance, it is necessary that they have input into everything from data collection to aid distribution. This can balance out competing priorities, such as those of government officials. For example, JMK began by forming a vulnerable group forum in assisted villages to advise on the distribution of water, sanitation and hygiene assistance, strengthening livelihoods and basic food assistance during the COVID-19 pandemic.
- ▶ **Create an accountability platform in the cluster system.** All institutions with roles in accountability, such as the inspectorate, supervisory bodies and the judiciary, the audit community, and monitoring and evaluation

professionals can contribute to AAP within the cluster. They could strategise the appropriate methods and approaches to be applied at the district, provincial and national levels, and provide an avenue for complaints and community needs to be considered and followed up by all parties.

Summary of JMK's feedback mechanisms

Handling complaints and feedback is very important in building JMK's transparency and accountability. JMK has developed and shared a complaint handling and feedback system based on a program that has been run previously by Oxfam.

Community feedback can be shared through a range of channels or forums, such as focus group discussions; SMS, telephone and WhatsApp hotlines; face-to-face discussions with JMK staff; the helpdesk; or using the feedback form and suggestion box. These channels allow for different levels of anonymity and confidentiality. The feedback form enables the reporter to deliver positive feedback, a request for assistance, minor dissatisfaction and major dissatisfaction. Individuals have the option to keep a record of their feedback to JMK.

JMK's MEAL/information and communication technology (ICT) team categorises feedback coming through the various channels and refers them to the relevant technical or sector teams. The MEAL/ICT team monitors progress in response to reports. Cases related to violations of codes of ethics and behaviour are handled separately by program management, consortium leaders and donor representatives.

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HUMANITARIAN REFORM BRIEF: CAPACITY

Research on localisation highlights the need for organisations working in partnership to strengthen their role as intermediaries between donors and local actors in order to improve capacity development and support. Intermediary organisations – including the United Nations, international and national non-governmental organisations (NGOs) – do not always know how to best support institutional capacity-building for small local organisations. This can be achieved by international and national institutions coordinating and communicating with service cluster networks and NGO networks to strengthen the capacity of small local organisations.

This briefing note reflects on opportunities to strengthen local humanitarian response capacity in Indonesia, highlighting the experiences of the Indonesian Red Cross Society (Palang Merah Indonesia, PMI). The brief was developed by Arifin Muh Hadi, Head of PMI's Disaster Management Division, for the *Building a Blueprint for Change* project in Humanitarian Advisory Group's [Humanitarian Horizons](#) research program. Its perspectives informed the Blueprint project's final report.

THE CURRENT STATE OF PLAY

During the disaster response in Central Sulawesi in September 2018, the Government of Indonesia acted quickly to establish leadership and set limits on international actors' presence and roles as dictated by the need on the ground and pre-existing partnerships with local organisations. Without direct access to the field, international NGOs were forced to work remotely and exclusively through local partners. This resulted in innovative partnership models and an increased focus on building the capacities of local partners. Local organisations are no longer seen only as subcontractors and implementers, but as valuable partners in aid delivery. A valuable lesson from the Central Sulawesi response is that local actors must

have adequate capacity and appropriate systems, management, leadership and tools.

Overall, the level of domestic humanitarian response capacity in Indonesia is high; however, there are still opportunities to improve humanitarian response capacities in local areas. There is a desire to invest in overall capacity strengthening, including by increasing the number of staff and upgrading response skills. There is also a need to invest in organisations' capacity to receive and manage funds. Capacity-building at the sub-national level – local NGOs and governments – is very important.

PRACTICAL ACTIONS TO INCREASE INVESTMENT IN CAPACITY

A transformative change in the humanitarian system in Indonesia will require greater local capacity to absorb funds, be resilient, and deliver quality programs. The steps below can help to target resources towards individual and institutional capacity strengthening.

- ▶ **Prioritise capacity development in response and organisational skills.** It is important to consider not only response capacity, but the capacity to build resilience, promote disaster risk reduction, and increase the acceleration of community life recovery.
- ▶ **Include capacity-building programs in funding plans.** Capacity development should be regarded as an essential part of humanitarian response; actors must produce

evidence of the impact of investments to encourage donors to fund capacity-building.

- ▶ **Incorporate capacity-building needs in the operation plan or recovery plan.** Partnership and project agreements should explicitly describe capacity development components and be reflected in the implementation of activities and the flow of financing.
- ▶ **Let the learning community determine training needs.** Capacity-building activities should be needs-based and focused on what participants need to learn to respond effectively. Well-designed training materials and approaches can reduce knowledge gaps and increase the enthusiasm of learners.

- ▶ **Ensure accessibility for small and remote organisations.** Access can be improved by expanding existing service clusters or forming new clusters specialising in capacity development. This could be led by organisations with recognised experience and expertise and involve small local organisations as equal partners in learning and collaboration.
- ▶ **Adopt a long-term approach to build local government capacity.** Strengthening local government approaches should be a priority to encourage good governance and good practices. This means not only investment in capacity to respond to the next disaster, but

integrated risk management that contributes to the achievement of targets in the Sustainable Development Goals.

- ▶ **Leverage lessons in capacity building from large national organisations.** Large national organisations such as MDMC can mentor smaller organisations through peer-to-peer learning, internships, or combined responses. For example, during the Palu operation in Central Sulawesi, water, sanitation and hygiene (WASH) teams from local and national organisations learned about clean water treatment at PMI's WASH camp.

SPOTLIGHT ON THE INDONESIAN RED CROSS

PMI has institutionalised capacity development through knowledge sharing in workshops and training, knowledge management development and discussions. It has carried out programs with the support of the International Federation of the Red Cross and Red Crescent, the International Committee of the Red Cross, and other movement partners such as the American Red Cross and the Japanese Red Cross.

PMI also has an e-learning platform that can be accessed by all PMI volunteers, staff and PMI management. Leadership capacity-building is a high priority, including encouraging organisational and institutional consistency at every level (commitment and integrity) as well as overall capacity strengthening (each level, sector and region).

Priorities for strengthening organisational capacity at PMI

1. **Institutional management capacity.** PMI invested in building institutional capacity through the introduction of a new financial software system for use at PMI Center, namely Microsoft Dynamics 365, and training 102 staff in its use. This supported financial reporting and ultimately PMI's accountability in delivering humanitarian services in Indonesia. To increase understanding and awareness of standards and compliance, 119 staff received fraud and corruption prevention training under the Red Ready Program.

2. **Community engagement capacity.** It was deemed necessary to build systems to improve community involvement in all PMI services, ranging from planning and implementation to a feedback mechanism. The PMI Center has developed community engagement accountability guidelines.

3. **Leadership, technical and innovation capacity.** PMI has developed a coherent multi-departmental approach to generate precise data on its overall programs and operations. It enables PMI to respond more effectively to complex problems that occur in the field, undertake collaborations, share quality data, and utilise new technologies (including geospatial risk assessments). It involves all levels within PMI – leadership, technical staff at PMI headquarters, and PMI staff in provincial and district capitals.

Although most of these activities are primarily aimed at headquarters level, they also involve PMI staff and volunteers. The approach aims to support the maintenance of competencies related to data readiness and ensure effective use of data throughout the organisation. This is a major priority for PMI, which regards easy access to information as part of emergency response planning. PMI has engaged with government to encourage the development of shared data resources (for government, NGOs, and the private sector) to provide a common basis for decision-making.

Ways to increase capacity to serve disaster-affected communities for PMI

- ▶ Make **policies and regulations** on capacity within PMI that apply to every individual, whether leadership, staff or volunteers. These rules can be organisational regulations, implementation guidelines, technical guidelines or standard operating procedures, or decrees related to financial mechanisms, implementation of community-based programs or community involvement.
- ▶ Build **system-strengthening** capacity that is more inclusive and effective in carrying out PMI's humanitarian missions, including PMI support in disaster emergency services, health crises and armed conflicts, as well as assistance in planning for disaster-resilient villages or urban settings, empowering community resilience and involving the community in all humanitarian services.
- ▶ **Strengthen the capacity of PMI personnel** in carrying out humanitarian missions in the community. This includes capacity in disaster management (before, during and after), health crisis service capacity, blood donation, WASH, logistics and public communication.

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HUMANITARIAN REFORM BRIEF: **FUNDING**

Among the different sources of financial support for humanitarian action in Indonesia, Islamic financing has great potential for funding local humanitarian work in Indonesia. However, there are obstacles to local organisations' access to Islamic financing, and there is room for improvement on the issue of accountability. Pooled funding has emerged as an ideal way to help local and small institutions acquire humanitarian funding.

This briefing note reflects on the current situation of and opportunities for humanitarian funding in Indonesia. The brief was developed by Arif Nur Kholis of [Muhammadiyah Disaster Management Center \(MDMC\)](#), for the [Building a Blueprint for Change](#) project in Humanitarian Advisory Group's [Humanitarian Horizons](#) research program. Its perspectives informed the Blueprint project's final report.

CURRENT SOURCES OF HUMANITARIAN FUNDING

Funding for humanitarian response in Indonesia currently comes through several main channels.

Islamic funding

Islamic social funding is based on the principles of socio-economic justice, equality and mutual prosperity. The mobilisation of instruments such as *zakat*, *infaq*, *waqf* and *sadaqah* (see box below) help provide much-needed financing for humanitarian response. The establishment of the Zakat Forum (FOZ) in 1999 is considered a marker of progressive change in the use of Islamic funding for humanitarian purposes. In 2011, the Government of Indonesia created the National Zakat Board (BAZNAS), one of its most authoritative and comprehensive regulatory frameworks. In the last decade, under BAZNAS supervision, many zakat-based institutions have developed into humanitarian institutions, such as Dompot Dhuafa, Human Initiative, and MDMC.

Islamic funding in Indonesia derives from both state and non-state resources and actors, and plays an important role in enabling humanitarian responses. However, the allocation of Islamic funds does not yet support humanitarian action optimally, focusing on immediate needs, physical construction, or religious infrastructure. Improvements in accountability are needed to elevate Islamic financing as an ideal choice for humanitarian funding.

International assistance

The National Agency for Disaster Management (BNPB) allocates international assistance and cooperation to certain geographic areas or certain sectors of work. This can occur in multiple phases

or rounds, and can create challenges in managing the funds. MDMC and Nahdlatul Ulama (NU) have received direct support from countries friendly to Indonesia since 2007. Such funds are usually used for non-emergency purposes such as modelling, testing, promoting universal values, and improving management and institutional capacities.

International funding provided for emergency response purposes comes with extra-stringent accountability rules in accordance with humanitarian standards and donors' requirements. Donor agencies require prospective funding recipients to have bureaucratic and operational sophistication; this means that most funding goes to larger national organisations, who become direct partners and direct recipients of money from donors. This pattern is entrenched, forcing small local CSOs, who do not meet the requirements, to become task-based subcontractors. Moreover, many international NGOs have 'localised' themselves by establishing national outfits while maintaining their international and/or global structures. Others, such as Oxfam and Plan, have developed and nurtured local humanitarian networks and entities such as the Humanitarian Knowledge Hub (JMK) and the Karina Network.

Assistance through the United Nations

Channelling humanitarian funds through the United Nations (UN) has the benefit of more systematic response accountability, because a financial tracking system is attached to the cluster approach. However, UN-centric and complex bureaucracy means decision-making may not be inclusive; the reach of partnerships is limited to the UN clusters, largely excluding small local CSOs or private sector actors in affected areas.

Fundraising drives

Fundraising drives – undertaken by charitable organisations to raise funds quickly for disaster emergency response purposes – have been gaining popularity. They can be effective in increasing humanitarian funding: a fundraising drive conducted by Lembaga Amil Zakat, Infaq dan Shadaqah Muhammadiyah (LAZISMU) with the aim of helping Rohingya Muslims gathered approximately USD1.6 million in 10 days. Fundraising drives are not connected with zakat and are related to specific issues.

Fundraising drives usually peak during an emergency, but are short-lived. They can encourage a media frenzy, which can reduce accountability. Because of this competition in the public sphere, they sometimes involve publications that appear to exploit affected peoples' misery. To minimise these adverse effects of fundraising drives, MDMC puts LAZISMU in charge of fundraising while it focuses on distributing funds; this protects MDMC from media pressure and allows it to maintain its integrity in humanitarian work.

Private sector

Humanitarian organisations such as MDMC are also partially supported by corporate social responsibility (CSR) funding. Many Indonesian institutions are skilled in obtaining CSR funding, employing high creativity in social media outlets such as Facebook and Instagram to attract private sector funding.

People-to-people Initiatives

The impact of COVID-19 and its associated countermeasures gave rise to a people-to-people initiative in Indonesia. When the state, market and CSOs struggled to fulfil basic needs, people organised systems to provide local mutual help. Over time, these initiatives grew city-wide and beyond. Although these initiatives are generally ad hoc, it is likely that some will grow into sustained schemes for humanitarian funding.

SPOTLIGHT ON ISLAMIC FINANCING

Institutional developments suggest that Indonesia is entering an era of Islamic financing of humanitarian action. BAZNAS is empowered to use zakat for humanitarian purposes; however, more needs to be done to reconcile its dual functions as a state regulatory body on one hand, and as a dispenser and implementer of zakat funds.

There are two types of non-government zakat institutions in Indonesia. Mass-based organisations are institutions such as MDMC, NU, LAZISNU, and Hidayatullah with Baitul Maal Hidayatullah. Non-mass-based organisations are Dompot Dhuafa, Rumah Zakat and ACT. Mass-based organisations are considered to have stronger community support and political power than non-mass-based organisations.

Islamic funding instruments

Zakat is a wealth tax and a means of wealth distribution, thought of as harmonising the relationship between the individual and public interest (*maslaha*).

Each year, Muslims are required to donate 2.5% of one year's total cumulative wealth to the poor in the form of zakat. Because it is obligatory, zakat is the largest source of Islamic funding. However, zakat can only be used for Muslims, so it is not fully in line with universal humanitarian principles. In the last five years there has been a progressive change in the meaning of zakat. Some Islamic institutions that previously implemented a strict zakat policy have begun to define all disaster victims as 'poor' and thus as potential beneficiaries of zakat aid, and zakat funds are being saved and released during emergencies. Similarly, the Eid al-Fitr/fitrah zakat, collected before the Eid prayer, was formerly distributed immediately afterwards, but it is now allowed to be used throughout the year.

Infaq means releasing part of one's property or income for a public interest commanded by Islam, such as helping orphans, the poor, and people affected by disasters.

The nature of the law is mandatory kifayah, which is an obligation for a group of people, but if it has been carried out by one person or several people then this obligation for all has been fulfilled; if no one provides assistance, then the whole community is considered to be in the wrong. The ummah (community) is given the freedom to determine the time and amount of wealth that is issued.

Waqf is property that is endowed to be managed by an agency for the benefit of the greater good.

Waqf is an endowment to a religious, educational or charitable cause, most frequently used to build schools, hospitals or religious institutions. Given its communitarian nature, waqf is often used to fund social projects and services; traditionally, this is in the form of giving land for public purposes. Today, providing waqf in the form of funds for humanitarian purposes, empowerment and education is also encouraged. One recent example of the use of endowment funds is the Hajj Financial Management Agency's contributions to humanitarian efforts, such as providing funds and ambulances to disaster response in Mamuju (West Sulawesi). Until recently, humanitarian institutions have not utilized waqf funds, so many waqf institutions entrust their funds to zakat institutions to be used for humanitarian purposes.

Sadaqah are assets donated by a person or business entity outside of zakat for common benefit.

Sadaqah is voluntary charity given on an ad-hoc basis – think of putting coins into a charity donation box. Due to its irregular nature, sadaqah is often difficult to calculate, because it varies from individual to individual and depends on their disposable income and generosity.

Evolution in Islamic financing can activate the huge potential of these public funds for humanitarian purposes, especially when integrating good government principles: participation, rule of law, consensus, equity and inclusiveness, effectiveness and efficiency, accountability, transparency and

responsiveness. MDMC aims to make Islamic funding more accountable by complying with international standards and existing humanitarian codes of ethics. Discussions with fund users should be held to gauge the extent to which these principles can be applied, and must include progressive Islamic clerics who can accept the new logics of humanitarian action.

MODELS FOR COLLABORATIVE MECHANISMS

- ▶ **Consortia** – Institutions with similar characteristics, philosophies and goals can form consortia to improve efficiency and reduce duplication. For example, consortium members may conduct joint needs assessments, or prepare proposals and implement projects together, while each member remains free to carry out most of their own activities independently. Humanitarian Forum Indonesia is a good example of such a consortium, as is JMK, a consortium of 23 local organisations trained and empowered by OXFAM. Another example is the Locally Led Disaster Preparedness and Protection project, run by the Adventist Development & Relief Agency (ADRA) and Plan International. After receiving funding from the Directorate-General for European Civil Protection and Humanitarian Affairs Operations, ADRA and Plan formed a functional consortium in Indonesia with MDMC, RErR Indonesia and the Pujiono Center, with a clear division of tasks between members. The consortium funding form has the advantage that the secretariat maintains accountability so that member agencies can focus on operations.
- ▶ **Pooled funding** (*lumbung dana*) is an ideal institutional form for local humanitarian actors, who tend to be marginalised because they are too small, too local, or deemed unable to absorb and report humanitarian funds. When the pooled funding mechanism is equipped with adequate policies, structures and systems, it can act as an intermediary between donor agencies and local humanitarian actors to implement requirements that are less complicated than those of donor agencies. For example, multiple CSOs/NGOs might form a committee to make and submit joint proposals, in compliance with administrative, technical and operational requirements. After obtaining funding, the committee allocates funds to member institutions who meet less stringent requirements, while the committee assists with monitoring and reporting.

- ▶ **START fund model** – this model allows donor agencies to pre-position funding for rapid humanitarian response. A pre-established collective arrangement with a few larger organisations also means easier monitoring and regulation than when dealing with a multitude of smaller CSOs. However, this kind of scheme requires strong leadership and management, and members' trust in this management must be very high.

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