



OFFICE OF THE VICE PRESIDENT
THE REPUBLIC OF INDONESIA

Integrating Community-Driven Development Principles into Policy: From PNPM Mandiri to the Village Law





·
·
·
·
·

Integrating Community-Driven Development Principles into Policy

-
-
-
-
-
-
-

Integrating Community-Driven Development Principles into Policy: From PNPM Mandiri to the Village Law

INTEGRATING COMMUNITY-DRIVEN DEVELOPMENT PRINCIPLES INTO POLICY: FROM PNPM MANDIRI TO THE VILLAGE LAW

First Edition, June 2015

Copyright Reserved

© 2015 National Team for the Acceleration of Poverty Reduction

Cover photo: Joshua Esty

You are free to copy, distribute and transmit this report for non-commercial purposes.

To request a copy of this report or further information, please contact
the TNP2K-Knowledge Management Unit (kmu@tnp2k.go.id).

NATIONAL TEAM FOR THE ACCELERATION OF POVERTY REDUCTION

Secretariat of the Vice President of the Republic of Indonesia

Jl. Kebon Sirih No. 14 Central Jakarta 10110

Telephone: (021) 3912812 | Facsimile: (021) 3912511

E-mail: info@tnp2k.go.id

Website: www.tnp2k.go.id

Contents

List of Figures	viii
List of Tables	ix
List of Boxes	x
List of Photos	xi-xii
Glossary of terms, abbreviations and acronyms	xiii-xiv
Foreword	xv

EXECUTIVE SUMMARY **1-21**

PHASE 1: Rural and Urban CDD Projects (1997-2007)	2-3
PHASE 2: CDD Programmes Integrated with National Poverty Alleviation Agenda (2007–11)	3-4
PHASE 3: CDD Principles Integrated in National Policy (2011–Present)	4-6
RESULTS: PNPM Accelerates Reduction of Poverty	6-8
RESULTS: Limitations of PNPM Rural and Urban	8-10
Challenges in Legal Framework for Incorporating CDD Principles	10-15
Recommendations for Integration of CDD Principles in Implementation of UU Desa	16-21

CHAPTER I **INTRODUCTION** **23-24**

CHAPTER II **EVOLUTION OF PNPM RURAL AND URBAN** **25-45**

PHASE 1: Rural and Urban CDD Projects (1997-2007)	26-30
PHASE 2: CDD Programmes Integrated with National Poverty Alleviation Agenda (2007–11)	30-42
PHASE 3: CDD Principles Integrated in National Policy (2011–Present)	43-45

CHAPTER III **RESULTS OF PNPM RURAL AND URBAN** **47-65**

STRENGTHS:	48-57
Poverty Alleviation in Rural Households	48-49
Poverty Alleviation in Marginal Areas	50-51
High-Quality, Cost-Effective Infrastructure	51-52

Improved Access to Some Services	52
More Inclusive Participation for Rural Women and the Poor	52-53
Improved Transparency and Accountability at Community and Subdistrict Levels	53-55
Improved Transparency and Accountability in Programme Oversight	55-57

LIMITATIONS **58-65**

Maintenance for Sustainability	58
Low Uptake of PNPM Governance Mechanisms outside the Programme	58-60
Shortcomings and Weakening of Governance Mechanisms	60-63
Lagging Monitoring Systems and Responses to Corruption	64
Facilitators Are Critical to PNPM Objectives and Sustainability, But Scarce and Overworked	64-65

CHAPTER IV **PNPM ROADMAP** **67-72**

CHAPTER V **TRANSITION UNDER UU DESA** **73-86**

Development of the Village Law and Derivative Regulations	74-79
Challenges in Legal Framework for Incorporating PNPM Mechanisms	79-80
Participation and Accountability: Village Deliberations	80
Participation: Implementation of Development Activities	81
Participation: Community Institutions	82
Participation: RPJM-Des Drafting	82-83
Transparency: Village Head Reporting	83
Transparency: Community Monitoring	83-84
Transparency: Monitoring by Districts	85
Accountability and Participation: BPD Selection and Functions	85-86
Accountability: Funds Transfers	86

CHAPTER VI	
RECOMMENDATIONS FOR INTEGRATION OF CDD PRINCIPLES IN THE TRANSITION TO THE VILLAGE LAW	87-109
<hr/>	
Ensuring That Regulations Support Inclusive and Accountable Governance	92-96
Government Actors' Roles in Institutionalising Governance Principles	96-101
Stage and Simplify Transition to Village Law	101-108
CONCLUSION	109
BIBLIOGRAPHY	111-118

List of Figures

Figure 1.	Main Steps of PNPM Rural Planning and Implementation Cycle	28
Figure 2.	Growth in PNPM Rural (1997, 1999–2002, & 2005–14)	29
Figure 3.	Evolution of PNPM Rural and Urban	46a-46b

List of Tables

Table 1.	Rural Infrastructure Built or Rehabilitated with KDP Funds, 1998–2007	31
Table 2.	Average Cost Comparison between PNPM Rural and Government-Built Infrastructure	52
Table 3.	Distribution of Irregularities Based on External Audit Results, 2011–12	56
Table 4.	Roles of State and Community Actors as Specified in Major Legislation, 1979–2014	76

List of Boxes

Box 1.	PNPM Mandiri Programmes: Beyond Rural and Urban	34-35
Box 2.	PNPM RESPEK	36-37
Box 3.	TNP2K's Leadership in Poverty Alleviation and Community Empowerment	39-42
Box 4.	PNPM Road Map: 12 Action Agendas	68-69

List of Photos

Cover	Joshua Esty	
Photo 1.	Achmad Ibrahim	1
Photo 2.	Joshua Esty	5
Photo 3.	Achmad Ibrahim	8
Photo 4.	Achmad Ibrahim	13
Photo 5.	TNP2K Staff	15
Photo 6.	Joshua Esty	18
Photo 7.	Achmad Ibrahim	21
Photo 8.	Joshua Esty	23
Photo 9.	Joshua Esty	25
Photo 10.	Joshua Esty	32
Photo 11.	Joshua Esty	35
Photo 12.	TNP2K Staff	38
Photo 13.	Achmad Ibrahim	43
Photo 14.	Achmad Ibrahim	45
Photo 15.	Joshua Esty	47
Photo 16.	Timur Angin	49
Photo 17.	Achmad Ibrahim	50
Photo 18.	Achmad Ibrahim	54
Photo 19.	Achmad Ibrahim	57
Photo 20.	Achmad Ibrahim	60
Photo 21.	TNP2K Staff	63
Photo 22.	Joshua Esty	67
Photo 23.	Joshua Esty	69
Photo 24.	Joshua Esty	71
Photo 25.	Timur Angin	73
Photo 26.	Joshua Esty	75
Photo 27.	Joshua Esty	78
Photo 28.	Achmad Ibrahim	81
Photo 29.	Achmad Ibrahim	84
Photo 30.	Joshua Esty	87
Photo 31.	Rachma Safitri	88
Photo 32.	Achmad Ibrahim	91
Photo 33.	Luciana Saragih	94
Photo 34.	Achmad Ibrahim	97
Photo 35.	Setwapres	100
Photo 36.	TNP2K Staff	103

Photo 37.	Achmad Ibrahim	105
Photo 38.	Achmad Ibrahim	107
Photo 39.	Achmad Ibrahim	109
Photo 40.	Cocozero003/123RF.com	111

Glossary of terms, abbreviations and acronyms

ADD	: <i>Alokasi Dana Desa</i> (Village Fund Allocation)
APB-Des	: <i>Anggaran Pendapatan dan Belanja Desa</i> (Village Budget)
BBM	: <i>Badan Perencanaan dan Pembangunan Nasional</i> (National Development Planning Agency)
BKAD	: <i>Badan Kerjasama Antar-Desa</i> (Intervillage Cooperation Body)
BKM	: <i>Badan Keswadayaan Masyarakat</i> (Community Self-reliance Agency)
BPD	: <i>Badan Permusyawaratan Desa</i> (Village Consultative Body)
BPKP	: <i>Badan Pengawasan Keuangan dan Pembangunan</i> (Supervisory Board for Finance and Development)
CDD	: Community-driven Development
DPR	: <i>Dewan Perwakilan Rakyat</i> (People's Representative Council)
GOI	: Government of Indonesia
FY	: Financial year
IDT	: <i>Inpres Desa Tertinggal</i> (Presidential Instruction on Villages Left Behind)
KDP	: <i>Kecamatan Development Programme</i> (Subdistrict Development Programme)
Menkokesra	: <i>Kementerian Kordinasi Kesejahteraan Masyarakat</i> (Coordinating Ministry for People's Welfare)
MIS	: Management Information System
MoHA	: <i>Kementerian Dalam Negeri</i> (Ministry of Home Affairs)
Musdes	: <i>Musyawarah desa</i> (village meeting)
Musrenbang	: <i>Musyawarah perencanaan pembangunan</i> (development planning meeting)
PNPM	: <i>Program Nasional Pemberdayaan Masyarakat</i> (National Programme for Community Empowerment)
PP	: <i>Peraturan pemerintah</i> (government regulation)
PSF	: PNPM Support Facility
RESPEK	: <i>Rencana Strategis Pembangunan Kampung</i> (Village Development Strategic Planning)
RKP	: <i>Rencana Kerja Pemerintah</i> (Government Work Plan)
RLF	: Revolving loan fund

RPJM-Des	:	<i>Rencana Pembangunan Jangka Menengah Desa</i> (Mid-Term Village Development Plan)
TPK	:	<i>Tim pengelola kegiatan</i> (activity management team)
TNP2K	:	<i>Tim Nasional Percepatan Penanggulangan Kemiskinan</i> (National Team for the Acceleration of Poverty Reduction)
UPK	:	<i>Unit Pengelola Kegiatan</i> (Activity Management Unit)
UPP	:	Urban Poverty Programme
UU	:	<i>Undang-Undang</i> (law)
VH	:	Village head

Foreword

The National Programme for Community Empowerment (PNPM Mandiri - *Program Nasional Pemberdayaan Masyarakat Mandiri*) was initiated in 1997 with the aim of alleviating poverty through community empowerment or, as they were commonly known, through community-based development programmes. The process of empowering people is as important as the result of the process itself.

In recent years, the government has developed an approach to community-based development that scales-up PNPM to the national level and includes it as a major element in Indonesia's poverty reduction strategy. Further, with the enactment of Law No. 6 of 2014 on Villages, the government adopted the principles of community-based development into official policy. PNPM Mandiri will provide the guiding principles in implementing the Village Law.

The book, 'Integrating the Principles of Community-Based Development into Policy: From PNPM to the Village Law', is based on the evolution and critical examination of the process of institutionalizing community-based development programmes to implement the Village Law.

We would like to express our gratitude to the team of writers who have helped produce this book. We hope it will prove useful for all those who are committed to and understand the importance of community-based development in Indonesia.

Jakarta, June 2015

Dr. Bambang Widianto

Deputy to the Vice President, Human Development and Equitable Development Policy Support and Executive Secretary for the National Team for the Acceleration of Poverty Reduction.



.....

Executive Summary

In the past decade, community-driven development (CDD) programmes have grown dramatically in Indonesia.¹ The aim of the National Programme for Community Empowerment (*Program Nasional Pemberdayaan Masyarakat Mandiri* or PNPM Mandiri) from its start in 1997 has been poverty alleviation through community empowerment. Like other CDD programmes, PNPM Mandiri places immense value in the process of empowerment. In recent years, the government has regularised CDD approaches by taking PNPM to national scale and incorporating these approaches as key elements of Indonesia's poverty alleviation strategy. With the signing of the Village Law (*Undang-Undang 6/2014 tentang Desa* or UU Desa) in early 2014, the country has taken CDD principles from programmes into policy. PNPM Mandiri procedures and processes will be used for implementing the law, with a transition during 2015–16. By early 2015, block grants will be transferred from the central government to districts for further disbursement to 73,000 villages in 5,300 subdistricts (*kecamatan*).

This report reviews the (1) experience and (2) strengths and limitations of PNPM Mandiri Rural and Urban programmes to (3) outline how to support and limit risks to continued institutionalisation of CDD in implementation of the UU Desa.

The PNPM Mandiri Urban and Rural programmes have developed in three main phases:

PHASE 1

Rural and Urban CDD Projects (1997-2007)

In 1997 a one-year pilot tested programme mechanisms in 12 subdistricts with the intention of launching the *Kecamatan* Development Programme (KDP) in the following year. KDP programme processes were designed to increase participation, transparency, and accountability through facilitated community empowerment. Between 1998 and 2002, the programme quickly increased its scale and scope to reach about 20,000 villages. With decentralisation, the programme's leadership worked to increase engagement with local governments (2002–07). By 2008 all districts made their contributions from their own budgets.

As the programme expanded, KDP staff made a series of adjustments to ensure that basic principles could be followed even under diverse local conditions across the country. The size of the programme continued to grow; by 2006 the KDP was

¹ To improve readability, citations have been removed from the executive summary. For sources, see the main report.

reaching nearly half of all Indonesian villages. By 2007 more than six million villagers had been involved in building KDP subprojects.

The Asian financial crisis in 1997 hit Indonesian cities especially hard. In response, the Urban Poverty Programme (UPP), modelled on the KDP, was launched in 1999 to transfer resources quickly to the urban poor. After distributing funds to respond to the crisis, in 2002 the UPP began to pay more attention to community participation. Like the KDP, the UPP grew quickly during these years; initial activities in 6 provinces in 2002 expanded to 28 provinces by 2005.

PHASE 2

CDD Programmes Integrated with National Poverty Alleviation Agenda (2007–11)

In April 2007 President Susilo Bambang Yudhoyono established PNPM Mandiri as the community empowerment pillar of Indonesia's national poverty reduction agenda. Government decision makers designated PNPM as an integral part of the agenda because of demonstrated outputs, impacts on poverty, improved transparency and accountability, and widespread support from both communities and local governments.

The government's endorsement of the CDD approach marked the start of the KDP and UPP programmes' transition towards greater integration with government processes at every level, reaching full national coverage by 2009. The total value of financial transfers to communities more than doubled between 2008 and 2011 to about US\$ 1.7 billion in 2011. This period also saw several additions to the PNPM line-up of programmes to address needs unmet by the PNPM Rural and Urban programmes:

- **PNPM–A Healthy and Bright Generation**
(*PNPM Generasi Sehat dan Cerdas* or PNPM Generasi) provides block grants restricted to health and education projects.
- **PNPM–Village Development Strategic Planning**
(*PNPM–Rencana Strategis Pembangunan Kampung* or PNPM-RESPEK) addresses geographic, social, and economic challenges unique to Papua.
- **PNPM-Peduli (Care)** works with civil society organisations to better reach marginalised groups who are often excluded from community-level planning.

The rapid expansion of PNPM and similar programmes meant that the initiatives reached many more citizens and addressed the needs of specific populations and regions. Some of the drawbacks of this proliferation, however, included a fragmented approach to community empowerment, varying quality of implementation, and confusion at the community level about programme objectives and processes. In 2009 the government further defined the country's poverty alleviation agenda to ensure coordination between the aims and implementation of various programmes and to reduce the poverty rate to 8%–10% by 2014. The national agenda identified four programme clusters, each with a particular focus:

- **Cluster 1:** Social protection through targeted social assistance programmes to households
- **Cluster 2:** Community-level development and empowerment (PNPM Mandiri is the flagship under this cluster, which was designed to streamline various community-based poverty reduction programmes)
- **Cluster 3:** Small and medium enterprises, as well as microfinance
- **Cluster 4:** Provision of large-scale public goods, such as affordable housing, public transport, clean water, and electricity

The Indonesian President assigned coordination of the clusters to the National Team for the Acceleration of Poverty Reduction (*Tim Nasional Percepatan Penanggulangan Kemiskinan* or TNP2K), led by Vice President Boediono; TNP2K supports different ministries' efforts to reduce poverty.

PHASE 3

CDD Principles Integrated in National Policy (2011–Present)

In parallel with PNPM's incorporation into the national poverty agenda, there were three broad efforts to integrate the programme's principles with government policy.

'One Village, One Plan, One Budget'

Since 2011 PNPM facilitators have worked with village communities to develop Mid-Term Village Development Plans (*Rencana Pembangunan Jangka Menengah Desa* or RPJM-Des) as the basis for annual plans and proposals submitted through

the programme for other sources of funds in community, district, and sectoral programmes, as well as for regular government planning and budgeting processes, such as development planning meetings (*musyawarah perencanaan pembangunan* or *musrenbang*).

PNPM Roadmap

TNP2K and the Coordinating Ministry for People's Welfare (*Kementerian Koordinasi Kesejahteraan Masyarakat* or *Menkokesra*) collaborated with a host of government actors to develop the roadmap's five pillars (and 12 agendas) for sustaining and integrating PNPM processes as follows:

- Integration of community empowerment efforts and investments
- Sustainable professional facilitation for communities
- Strengthening of community institutions
- Strengthening the role of regional governments in supporting community needs and priorities
- Improving governance systems to promote transparency and accountability



The Village Law

The Village Law (UU Desa) passed by the People's Representative Council (*Dewan Perwakilan Rakyat* or DPR) in December 2013 and signed by the President in January 2014 substantially strengthened the role of communities in planning and implementing development activities and provided much larger financial resources to villages. Mechanisms specified in the UU Desa align with CDD principles in general and PNPM processes specifically. However, the law did not get into details on implementation, and some of these principles and mechanisms have been restricted in subsequent government regulations (*peraturan pemerintah* or PP). At the time of writing, two PPs had been passed—PP 43/2014 *tentang Desa* (Government Regulation on Villages or PP Desa)—and PP 60/2014 *tentang Dana Desa* (Government Regulation on Village Funds or PP Dana Desa). The details of the ministerial regulations (*peraturan menteri*) align more closely with the PPs than with the law and do not fully support integration of CDD principles in actual implementation of the law.

RESULTS: PNPM Accelerates Reduction of Poverty

Poverty alleviation in rural households.

Compared with control areas, a 2012 evaluation showed that poor households' real per capita consumption increased by an average of 9 percentage points as a result of PNPM Rural's investments. The proportion of poor households moving above the national poverty line was 2.1 percentage points greater in PNPM subdistricts than in control areas. Gains have also been concentrated among the poor.

Poverty alleviation in marginal areas.

The PNPM Rural programme has worked effectively in poor and disadvantaged subdistricts and regions. Impact evaluations have shown that real per capita consumption gains were greater for poor subdistricts (12.7%) than the average gain of 9.1%. For the poorest 20% of subdistricts, per capita consumption increased 19%. PNPM has faced some challenges in remote regions but has performed relatively well even in such areas. A 2011 evaluation of PNPM–Village Development Strategic Planning (PNPM–*Rencana Strategis Pembangunan Kampung* or PNPM-RESPEK) showed that all visited infrastructure projects were of good to moderate quality and more than 80% of the infrastructure build was in use and 60% cheaper than comparable projects built by the regional government.

High-quality, cost-effective infrastructure.

The substantial majority of projects chosen for PNPM funding involve construction

or rehabilitation of local infrastructure. A 2012 evaluation of physical projects showed that 82% were considered high quality and another 14% acceptable; the evaluation also showed that quality of PNPM projects compared with those built by other programmes is attributed to better oversight due to community participation. Evaluations have shown rural PNPM projects to be 25%–75% cheaper than similar infrastructure built by local government contractors.

Improved access to some services.

Compared with villages where PNPM was not active, households in PNPM areas increased access to health services by 5.1% between 2007 and 2010. The PNPM Generasi programme has demonstrated statistically significant improvements in more frequent weight checks for young children and increased school participation for primary school students. Improved access to services resulted in a 10% decrease in malnutrition compared with non-PNPM-Generasi areas.

More inclusive participation for rural women and the poor.

Women and the poor have had substantial involvement in PNPM Rural; women make up 50% of those participating and 45% of participants are categorised as poor. More than 70% of workers for PNPM Rural subprojects come from the poorest segments of the village.

Improved transparency and accountability at community and subdistrict levels.

The PNPM Rural and Urban programmes have become well known among both local government actors and community members for higher levels of transparency and for having stronger accountability mechanisms than other development programmes. In a 2012 study, 60% of villagers reported good access to information for PNPM and 68% were satisfied with the programme (compared with 24% and 29%, respectively, for other development programmes).

Improved transparency and accountability in programme oversight.

PNPM has had a robust monitoring system linked with concrete sanctions; for example, transfer of next year's subdistricts block grant will be placed on hold if corruption is discovered, until satisfactory progress is made on recovering any missing funds. It is estimated that less than 1% of village grants were misused.

Programme-level mechanisms include independent monitoring (external audits), internal review (management information system, qualitative data collection, and supervision), and input from communities through participatory monitoring and a complaints handling system. Since 2000 annual external audits have been carried

out by the independent government development audit agency, the Supervisory Board for Finance and Development (*Badan Pengawasan Keuangan dan Pembangunan* or BPKP). For example, in 2012 BPKP worked with local government inspectorates to audit 19% of the total of 5,146 subdistricts covered by PNPM, which resulted in 956 audits. The audits identified irregularities amounting to slightly more than 1% of total disbursement in fiscal 2012; the majority concerned problems with subproject verification. Revolving loan funds (RLFs) continue to cause a substantial share of the problems (66% in 2011 and 46% in 2012).

RESULTS: Limitations of PNPM Rural and Urban

Maintenance for sustainability.

Infrastructure projects built with PNPM funds have generally been cost-effective and of high quality (see previous page). Over time, however, these projects need



more costly investments for continued viability, such as resurfacing of roads and replacement of water pipes. A 2010 study found that in only 10%–20% of villages could sufficient user fees be collected to provide adequate maintenance. Infrastructure maintenance is thus an area in which government should provide support for communities, contributing cost-effectively to Indonesia's goals for infrastructure development.

Low uptake of PNPM governance mechanisms outside the programme.

The expectation underlying PNPM design principles has been that community members will begin to press for similar processes outside the programme. In practice, however, these mechanisms have been uniquely associated with the programme and have rarely spread outside it. Formal institutional mechanisms are thus needed to prompt broader shifts in local governance.

Shortcomings and weakening of governance mechanisms.

The poor and women attend PNPM Rural planning meetings and are involved in implementation but participate less frequently in decisions, which remain dominated by elites. Studies have also found stagnant or declining participation in local planning processes outside of PNPM, which suggests that PNPM Rural's participation challenges may reflect—at least in part—institutional changes beyond the scope of the programme.

Although PNPM is generally perceived as more transparent than other programmes, the information shared is not always conducive to social accountability. Villagers are often more aware of project procedures than of financial details or complaints mechanisms. Even when villagers possess relevant information, project accountability mechanisms have been underused.

Lagging monitoring systems and responses to corruption.

Corruption has been remarkably low in PNPM but monitoring capacity and complaints resolution mechanisms have been stretched by the programme's expansion. With scale-up, there have been an increasing number of large corruption cases that have taken longer to investigate and litigate. RLFs pose a particular risk.

Facilitators are critical to CDD implementation but scarce and over-worked.

It is difficult to overstate facilitators' contributions to the programmes' achievements. Facilitators at community, subdistrict, district, and provincial levels are responsible for making sure that information is shared, meetings occur, community members

are invited, and project mechanisms function according to programme principles. They also monitor implementation, report on progress to higher programme levels, connect communities to technical assistance, and receive and channel complaints. Research on other CDD programmes has shown that information and outreach, which facilitators provide, are critical to ensuring benefits for the poor. In 2013 there were well more than 25,000 trained and experienced PNPM facilitators across Indonesia.

With national scale-up, PNPM has expanded into regions with more dispersed populations and more challenging physical environments, reporting requirements have increased, and more facilitators are required to implement the programme, creating urgent problems on availability and quality of facilitation. PNPM field staff at every level feel overworked, especially because recruitment challenges have left many positions unfilled, resulting in low-quality subprojects and less engagement with communities.

These challenges jeopardise the sustainability of PNPM's achievements. The UU Desa, which stipulates facilitation for all villages, will exacerbate recruiting and training needs. The success of the law's implementation, which extends many of PNPM's processes, depends in large part on providing skilled and experienced facilitators.

Challenges in Legal Framework for Incorporating CDD Principles

The Village Law clearly espouses CDD principles. According to the law, village governance should be based on transparency, accountability, and participation (Article 24). Furthermore, the village head should coordinate village development in a participatory manner, apply principles of gender equity, and ensure transparent and accountable governance (Article 26). In addition, the whole village community should be involved in development planning, implementation, and monitoring (Articles 80–82).

CDD principles are weaker in the two required PPs already issued. A number of stipulations conflict with the three primary principles—participation, transparency, and accountability—and with the Village Law itself. Clarifying the contradictions discussed below could substantially strengthen prospects for an effective transition from PNPM programme mechanisms to national policy.

Participation and accountability: *musyawarah desa*.

Village meetings (*musyawarah desa* or *musdes*) are akin to the village and inter-village meetings in PNPM, which are critical to ensuring inclusive participation, information sharing, and accountability. The Village Law stipulates *musdes* as a means of involving the community to consider strategic matters. *Musdes* outcomes should be referenced by village government in the execution of their duties (Article 54).

The PP Desa muddles the degree to which community members are involved and increases the level of village government control of the process. The PP distinguishes the general *musdes* and a specific development planning meeting (*musyawarah perencanaan pembangunan desa*). There are specific categories of community members identified for involvement in the former (Article 80) but none in the latter. Furthermore, the *musdes* is organised by the Village Consultative Body (*Badan Permasyarakatan Desa* or BPD) (Article 80), whereas the village government organises the planning meeting (Article 116). If development planning is not explicitly open to the wider village community and participation of women and poor villagers encouraged, decision-making will likely be limited to a small group. As a result, planning under the Village Law may more closely resemble the less participatory and accountable *musrenbang* process than PNPM's planning, which has been used since 2011 for preparation of RPJM-Des and annual plans.

Participation: implementation of development activities.

The Village Law maximises participation, by specifying that the entire village community be involved in implementing development according to the Village Government Work Plan (*Rencana Kerja Pemerintah* or RKP) (Article 81). In contrast, the PP Desa adds very little detail on how villages should implement projects and, in fact, states (Article 121) that development should be coordinated by the village head but carried out by village officials and/or elements of the community rather than extending to the entire community as indicated in the law. No mention is made of poor households, who have been primary beneficiaries of involvement in PNPM project implementation.

Participation: community institutions.

PNPM has encouraged working with available community institutions. The Village Law incorporates similar principles, specifying that existing community institutions should be used to govern, develop, and empower the community, even for activities

originating outside the village, such as programmes from higher levels of government and from nongovernmental organisations (Article 94).

The PP Desa partially supports such principles: village and regional governments, as well as nongovernmental actors, must empower and rely on existing organisations in development activities (PP Articles 150 and 151). However, community organisations should be formed on the initiative of the village government together with the community, and formalised by village regulation (Article 150). These requirements give the village government power to define legitimate organisations, which could be used to restrict community voice. Rather than empowering community organisations as a counter-balance to the strong village head and village government, the PP Desa makes them depend on village government.

There are indications that organisational life at the village level is weakening overall. If implemented as written, the PP Desa could further undermine community organisations without explicit state sponsorship, contributing to a decline in the long history of diverse and vibrant organisational life in Indonesia.

Participation: RPJM-Des drafting.

The Village Law was clearly intended to encourage the participatory development of both annual and medium-term village plans (Article 80). In contrast, the PP Desa strongly emphasises the village head's leadership in participatory village consultations to draft the RPJM-Des and RKP-Desa, but there is strong emphasis on these processes (Article 116). If implemented as written, these regulations give more weight to village government than community contributions to village planning.

Transparency: village head reporting.

PNPM's transparency mechanisms outside of village/intervillage meetings have not been particularly effective. It is therefore imperative to at least preserve, if not strengthen, information-sharing mechanisms for the transition to the Village Law. The Village Law specifies that the village head must report in writing on the past year's village governance to the mayor (*bupati*), the BPD, and the village community (Article 27). Requirements to report publicly on village governance have been weakened in the PP Desa. The mayor gets a full report, while the BPD report only requires information on implementation of village regulations (Articles 49 and 51). No clarification is provided regarding information shared with the community, other than specifying the media through which information should be shared (Article 52).

Transparency: community monitoring.

Community members' right to ask for and receive information about village governance is stronger in the Village Law than in the PP Desa. The law stipulates that the community can solicit and receive information from village government, as well as oversee activities related to governance, development implementation, guidance, and community empowerment (Article 68). Citizens have the right to monitor development plans and activities, and village government must report on planning and implementation of RPJM-Des and budget annually through *musdes* (Article 82).

The PP Desa provides no further details on villagers' rights to monitor, pointing only to the village head's responsibility to inform villagers about governance implementation in writing and through easily accessible media (Article 52). Villagers should also participate in *musdes* to hear 'development implementers' report to the village head (Article 121). There is, however, no overall report to villagers from the village government regarding implementation of the RKP and budget.



Transparency: monitoring by districts.

The PNPM scale-up has made centralised monitoring increasingly unwieldy, causing delays and a growing backlog of cases to investigate. The Village Law specifies a Village Information System (*Sistem Informasi Desa*) developed by the district government (Article 86). The system should include information related to village and rural area development and could be an opportunity to improve monitoring at the local level and continue the supervision efforts that have been important to ensuring PNPM's positive outcomes.

However, no further detail is provided in the PP Desa to strengthen the role of districts in collecting data on village governance and development. The PP Desa does point to the district as responsible for guiding and supervising the village but specifies no monitoring duties (Article 154).

Accountability and participation: BPD selection and functions.

Regulations specifying the structure, powers, and selection of the BPD will be critical to integrating CDD principles in village governance. The Village Law and associated legislation consistently state that the BPD will be chosen democratically. The BPD's functions include overseeing and soliciting information from the village government, proposing draft village regulations, channelling community aspirations, hewing to democratic principles and gender equity, and organising the *musdes* (Article 55, pp. 61–63).

The specific selection of BPD members differs, however, between the law and the PP, which affects which community members' voices are heard through the BPD. The Village Law specifies that BPD members should represent village residents based on 'territorial representation' and should be chosen democratically (Article 56). The PP Desa states that the BPD may be filled either by direct election or by representative deliberations (Article 72), but the reference to territorial representation is missing. The specific mechanisms for choosing BPD members are left to districts to determine (Article 72), and the PP Desa states that further detail (about duties, functions, responsibilities, selection, etc.) will be clarified through ministerial regulations (Article 79). These specifics will be critical to both determining the accountability role that the BPD can play in the village and the extent to which the body can ensure that village planning is representative and inclusive.

Accountability: funds transfers.

Compared with PNPM practices, the PP Desa provides weak accountability for funds

transfers. Release of funds in PNPM requires multiple signatures (including community members and the subdistrict facilitator). The PP Desa instead allows funds to flow with signatures from only the village head and treasurer—both representatives of village government (Article 92)—reducing both transparency and accountability in funds management.

The PP *Dana Desa* does stipulate sanctions through funds reductions for improper budget surpluses. Problematic surpluses are defined as funds used outside of priorities or retained too long in village accounts (Article 27). These stipulations are a step in the right direction in that they require attention to how villages are using funds. The government should use these mechanisms to ensure that funds are expended on time and for priorities identified by the community.

Another improvement to consider for subsequent guidelines is to tie staged funds transfers (Article 16) to village-level accountability reports. For PNPM, transfers are conditional on satisfactory progress on project implementation, reported by the activity management team (*tim pengelola kegiatan*) to the community. The PP Desa stipulates such accountability meetings (Article 121), which could be required as a condition for subsequent transfers, but this connection needs to be made explicit.



Recommendations for Integration of CDD Principles in Implementation of UU Desa

Based on the lessons learned from PNPM implementation, recommendations address basic principles to safeguard PNPM's strengths and reduce associated risks that could jeopardise the transition to regular government processes under the Village Law. The following recommendations are oriented towards three objectives central to institutionalising CDD in Indonesia:

1. Inclusive and accountable governance should be institutionalised in all villages. PNPM's mechanisms have had documented benefits that argue for universal adoption of CDD principles.

2. Focus on poverty impact of improved governance.

During the transition period, dedicate additional resources to ensuring that governance mechanisms are working as expected in the poorest villages and regions, where PNPM has had the biggest impact on poverty.

3. Build in multiple processes for continuous learning and adjustment.

Understanding and adjusting to variations in implementation of the Village Law in different political, economic, and social contexts will be instrumental to achieving its objectives. A central unit should lead and coordinate the management of the transition and implementation of the new Village Law.

A clear candidate is TNP2K, given its leadership on the PNPM Roadmap and its focus on the national poverty agenda and its direct link with policymakers, including at the very highest level.

Clarify contradictions in legislation and guidance documents deriving from the UU Desa to encourage participation and avoid domination by village government. After required regulation has been completed, there should be a review to ensure consistency internally and with CDD principles stipulated in the UU Desa. Contradictions between the UU Desa and PPs that must be clarified include the following:

- BPD's responsibility for *musdes*
- Eligibility to participate in, make, and approve proposals for *musdes* planning

- meetings, with specific categories and quotas for women and the poor
- Participation in project implementation, which should be open to the entire community, but encourage poor villagers to participate
- Strengthened transparency and accountability of the village head's reporting to the community on funds use and work plan programme implementation
- Existing community organisations central to development planning and implementation not limited to groups with village government's legal recognition

Although broad participation remains the goal, strengthen mechanisms for inclusive but delegated representation.

With stronger regulation, the BPD could provide an institutional mechanism for delegated community representation, as well as a means for holding village government accountable. Under existing legislation, the BPD was appointed by the village head, which generally limited participation to a single set of elites with close allegiances to the head. The election of BPD members must be clarified to ensure that the BPD acts as an independent counterweight to the village head's extensive powers.

Ensure women's leadership and participation in decision-making.

Reserve a percentage of elected BPD seats for women. To complement required BPD seats for women, PNPM's prescribed procedures for women's participation should continue, as they have been shown to have a consistent impact on women's representation and inclusion in village development. Guidelines for UU Desa implementation should include quotas for women's participation in village meetings and dedicated planning meetings to generate women's priorities, with additional training.

Assess existing monitoring systems.

With national scale-up, some of PNPM's monitoring systems have been overwhelmed. These bottlenecks will be exacerbated with the shift to the Village Law, both because of the expanded scope and the shifts in responsibilities among government agencies and to regional governments. It is recommended that a thorough feasibility study of the existing PNPM monitoring mechanisms and inventory of prior and planned government systems be undertaken to assess strengths and weaknesses and assign responsibilities across agencies and levels of government. PNPM Rural's management information system should be adapted, if possible, for Village Law monitoring purposes.

Strengthen accountability mechanisms.

A ready institutional accountability mechanism is to build checks, rewards, and sanctions for compliance with CDD principles into regulations deriving from the Village Law (Article 72) and PP Dana Desa (Articles 25–27). These requirements should be built on to encourage village and district governments to pay attention to the quality of reporting, as well as the extent to which funds use reflects community priorities. Villages that demonstrate they can effectively use funds for community priorities could earn a larger allocation for the subsequent year. These kinds of conditional village grants have been used successfully in PNPM Generasi and in other Indonesian programmes. Different models for performance-based rewards and sanctions should be piloted to ensure that low-capacity villages/districts are not penalised or overwhelmed and to curtail discretionary use of village funds by higher levels of government.



Districts as primary monitors.

Districts should initiate more proactive monitoring to ensure that funds are used according to community priorities and the law's principles (as specified in UU Article 69 and PP Desa Articles 101, 103, and 104). It is especially important for districts to ensure that PNPM's high rates of audit (at around 20%), with immediate reports of key findings back to villagers, continue; they have been shown to be an important complement to community accountability mechanisms for deterring corruption. Districts should explore mechanisms for villagers to channel complaints and ensure that they receive responses to them.

The subdistrict has been the site of PNPM's intervillage meetings, as well as institutions involved in the programme's functioning, for example, the Activity Management Unit (*Unit Pengelola Kegiatan*), Intervillage Cooperation Body (*Badan Kerjasama Antar-Desa*), etc. The subdistrict is also assigned a number of functions in the Village Law and PP Desa (PP Articles 101, 128, 148, and 154). Districts are uniquely positioned to improve on PNPM's low rates of direct regional supervision, given their geographic proximity to villages, but specific monitoring responsibilities, as well as supervision of and support by other district agencies, need to be further clarified.

Encourage village governments to adopt CDD principles.

Village governments may not welcome extension of CDD principles into development planning processes. Although the opportunity to manage substantially larger funds is likely attractive, strengthened mechanisms for participation, transparency, and accountability may not be. Complementing the regulations with increased transfers in response to effectively involving communities in planning and implementation of development projects would further encourage village governments to support the transition to the Village Law.

Stage and monitor implementation.

A key lesson from PNPM is to monitor and learn from processes as they are being implemented and adjust as needed. It is therefore recommended that the planned transition period of 2015–16 be extended and several aspects of the law's implementation staged during a three- to five-year period to allow for learning and fine-tuning of processes. As has already been agreed, 2015 should simply be implementation of PNPM with only one significant change—the direct transfer of funds (*Dana Desa*) to all villages. The first year of transition is also an opportunity to commission studies that focus on, among other issues, (1) for what purposes

villages have allocated grants and how well processes leading to their choices align with CDD principles; (2) the sufficiency of amounts for community priorities; (3) the adequacy of monitoring by BPDs, communities, and districts; as well as (4) how experiences vary in different geographic, economic, and social contexts. These findings can inform subsequent stages of the transition to the Village Law.

Stage the size and timing of transfers.

Villages may not be ready to rapidly absorb grants of the size specified in the UU Desa or even the smaller grants that are likely for 2015. The timing and staging of transfers, as well as the time frames for implementation, need to be clarified by early 2015. Unless funds are left idle and/or misused, more than one year should be allocated for implementation. In particular, it is recommended that villages with challenging geographies (based on the same variables used for funds allocations in the PP Dana Desa, Articles 11–14) be given at least one more year from the start of the transition before they are required to exhaust allocated funds. They should still be required to report on use during 2015 to districts and communities but not be expected to have completed implementation until 2016.

Simplify planning processes and do not force vertical integration.

The RPJM-Des should also be phased in to simplify planning processes for the initial transition. By mid-2014 only 47% of villages had formally completed these documents. Scarce time and energy should not be channelled to drafting the RPJM-Des during the first year or two. Focusing prematurely on vertical integration and engaging districts in the village-level planning process may skew village plans away from locally identified needs towards district priorities. Phasing in the RPJM-Des will also reduce facilitators' workload in the first year of Village Law implementation and allow them to concentrate on participatory planning of larger village grants, transparent implementation of selected community priorities, and accounting of how funds were used.

Streamline use of village grants.

A more permanent simplification is to separate RLFs from village grants and planning processes. The continuing problems with RLF implementation, coupled with failure to reach the poor, suggest that provision of these private goods is not well suited to a government transfer mechanism meant primarily for public goods and within-village distribution according to CDD principles. With Village Law implementation, it is recommended that RLFs should not be funded through village grants or should at least be postponed. Where RLFs are functioning well and Activity

Management Units have proven capable of managing the funds, they should continue independently of CDD processes potentially with TNP2K's support for cluster 3 programmes and/or the World Bank's RLF pilot project scheduled to begin in early 2015.

Reduce facilitators' workloads.

Medium-term planning, intervillage cooperation, and eliminating RLFs could simplify processes for communities and allow them to focus on incorporating CDD principles in annual village planning. It is important to note that the recommended changes would also reduce the scope of responsibilities for facilitators, on which PNPM has relied heavily to support communities and on which the Village Law's implementation will also depend. Facilitators were overworked and overextended even before the transition to the Village Law and a significant shortfall is predicted for the transition. Every effort must be made to reduce the number of activities for which facilitators are responsible and to streamline administrative requirements. Furthermore, PNPM Roadmap initiatives should continue to make facilitator positions more attractive and speed up certification. As a one-time effort, prompted by the unexpectedly rapid transition to the Village Law, the government should offer retention and signing bonuses to increase the availability of facilitators and subsidise the certification of facilitators now working on PNPM programmes.





1

.....

Introduction

In the past decade, community-driven development (CDD) programmes have grown dramatically in Indonesia. In recent years, the government has moved towards regularising CDD approaches by taking programmes to national scale through the National Programme for Community Empowerment (*Program Nasional Pemberdayaan Masyarakat Mandiri* or PNPM Mandiri) and incorporating them as key elements of Indonesia's poverty alleviation strategy. With the signing of the Village Law (*Undang-Undang 6/2014 tentang Desa* or UU Desa) in early 2014, the country has taken CDD principles from programmes into policy.

PNPM Mandiri, like other CDD programmes, places as much value on the process of empowerment as it does on the outputs of that process. Specifically, PNPM is built on principles of *inclusive participation* in planning and implementation of community development, *transparent sharing* of information at all stages, and accountability through direct oversight by the community. PNPM's processes, implemented in villages through PNPM Rural (*PNPM Mandiri Perdesaan*) and urban wards through PNPM Urban (*PNPM Mandiri Perkotaan*), have resulted in a range of positive impacts but also have certain limitations.

This report reviews the experience, achievements, and limitations of the PNPM Mandiri Rural and Urban programmes, outlining how to support and limit risks to continued institutionalisation of CDD during the transition to the UU Desa. It is organised as follows: After tracing PNPM's evolution (section B), section C reviews the programme's strengths and limitations, followed by descriptions of two government initiatives to institutionalise PNPM: the PNPM Roadmap (section D) and the Village Law (section E). The final section of the paper (section F) presents recommendations for the transition to the Village Law starting in 2015.



2

.....

Evolution of
PNPM Rural
and Urban

This section details three main phases of the PNPM Rural and Urban programmes from their start in the late 1990s to the current transition to the Village Law. Figure 3 summarises these phases.

PHASE 1

Rural and Urban CDD Projects (1997-2007)

Kecamatan Development Programme

From the start of the PNPM programmes in 1997, their aim has been poverty alleviation through community empowerment. Indonesia had had prior experience with antipoverty programmes providing direct assistance to communities to allocate, especially through the Presidential Instruction on Left-Behind Villages (*Inpres Desa Tertinggal* or IDT) programme, channelling grants to marginalised villages to be allocated with the help of facilitators, and the Village Infrastructure Programme, providing additional funds for infrastructure in IDT villages. Building on these experiences, as well as research on community-level collective action and state-society relations (Chandrakirana 1999; Evers 2000), the Government of Indonesia (GOI) and World Bank collaborated to develop an approach that included more robust community participation in decision-making to ensure that funds benefited poor villagers; this has come to be known as community-driven development.

A one-year pilot tested programme mechanisms in 12 subdistricts (*kecamatan*) with the aim of launching the *Kecamatan* Development Programme (KDP) in 1998. Designed to increase participation, transparency, and accountability, important programme features included the following:

- **Inclusive selection of development priorities** through participation of women, poor villagers, and representatives of remote hamlets in consensus-based planning discussions (*musyawarah*). Women were allocated half the seats on the committee organising KDP processes at the subdistrict level, and one of the two proposals from each village had to come from women's groups.
- **Reliance on existing institutions** on the premise that accumulated trust and reciprocity would encourage transparent and accountable use of programme funds.

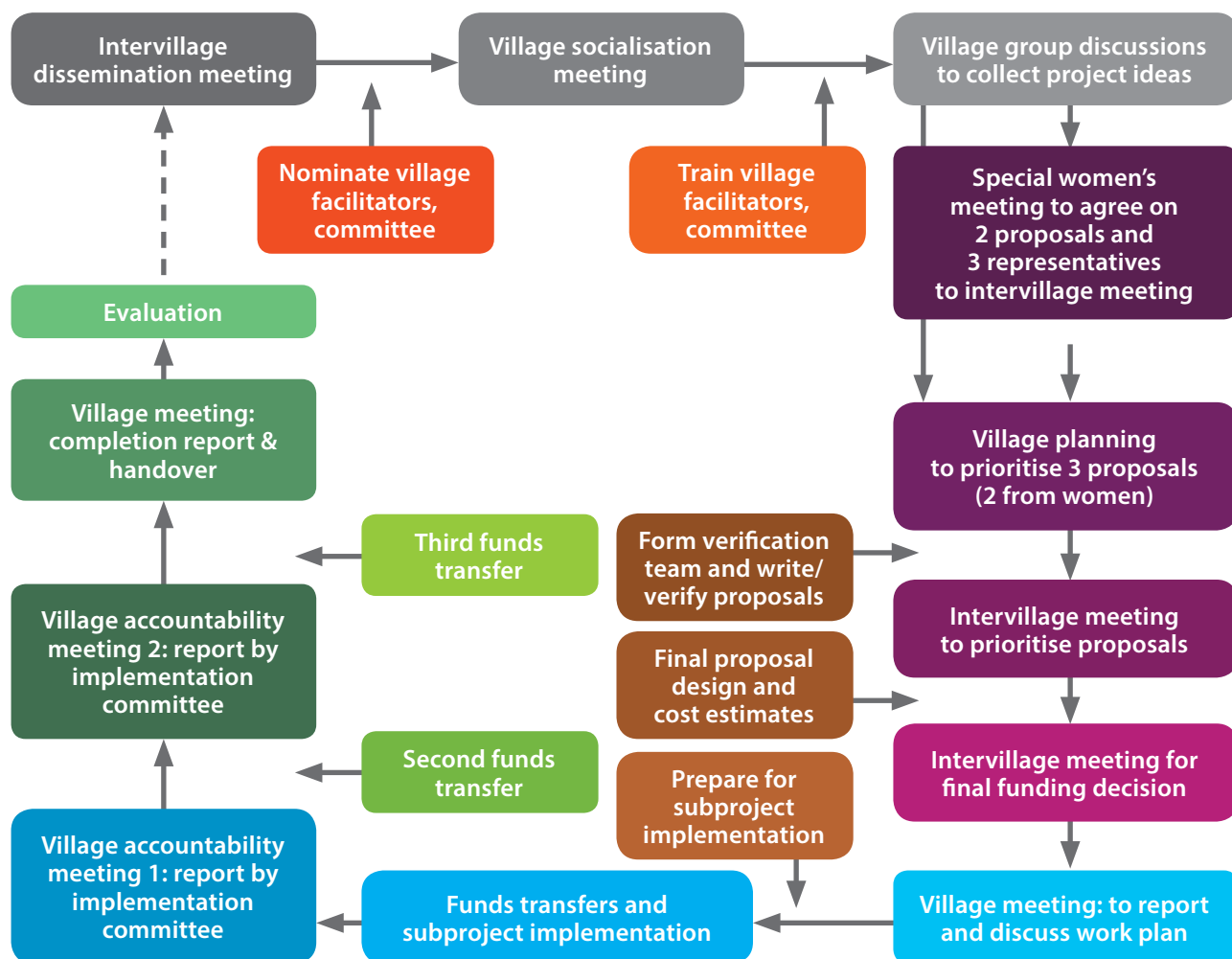
- **An open menu** to leave choices open, aside from a limited negative list, to ensure identification of actual community needs.
- **Competition at the subdistrict level**, that is, deciding on proposals through collective decision-making during intervillage deliberation, designed to encourage transparency, increase efficiency, and reduce opportunities for ‘elite capture’.
- **Block grants to subdistrict**, that is, transferring funds directly to the subdistrict level ensuring speed and arrival of grants intact.
- **Transparent implementation**, that is, the KDP incorporated multiple checks on the use of funds and provided mechanisms for sharing information with the community, including multiple signatures for financial withdrawals, public posting of funds use, sharing of results, and accounting for funds in public meetings.
- **Facilitation and technical assistance** provided throughout proposal, decision-making, and implementation stages by subdistrict facilitators (*fasilitator kecamatan*). District-level technical facilitators provided targeted technical assistance and oversight for funded proposals.
- **Accountability**, that is, creating checks and balances by separating responsibilities, establishing sanctions for funds misuse and holding open meetings on selection of projects and use of funds.

Overall, the major steps in the programme were remarkably similar to those still used in PNPM Rural (Figure 1).

The KDP’s design was nearing completion at the height of the Asian financial crisis in Indonesia, which caused widespread unemployment in urban areas, return of migrations of unemployed to rural villages, rising food prices, and the eventual fall of President Soeharto. These economic and political changes added momentum to the KDP, which offered a means of reaching the rural poor and aligned with the push for increased citizen participation through decentralisation and democratic reforms. Between 1998 and 2002, the programme quickly increased its scale and scope (figure 2). A few important design changes were made during this period, including rules to boost the involvement of and benefits for poor women who were often marginalised during decision-making. In addition to the requirement

that at least one of each village's proposals be sponsored by women, funds were earmarked for women's revolving loan funds (RLFs). At the programmatic level, the KDP experimented with different combinations of support, including village facilitators (*fasilitator desa*) and different combinations of social, technical, and economic facilitators at subdistrict and district (*camat*) levels.

Figure 1: Main Steps of PNPM Rural Planning and Implementation Cycle



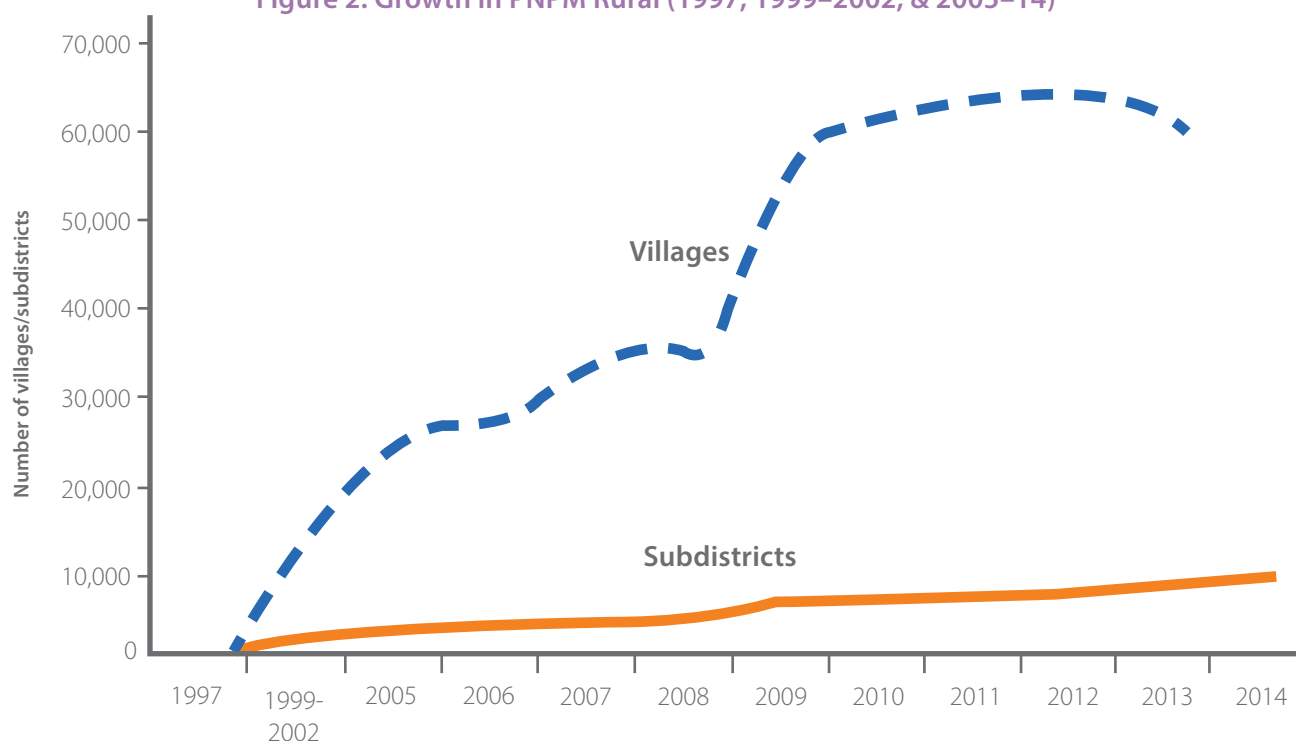
Source: Adapted from the PNPM Support Facility (n.d).

As Indonesia embarked on decentralisation in the early 2000s, questions were raised about the KDP's relationship to local governments, which were largely by passed by the programme's mechanisms. Between 2002 and 2007, the programme leadership worked to increase engagement with local governments. Subdistrict officials chaired intervillage meetings, and districts established multisectoral

coordination committees, which met monthly to review progress and resolve problems. Districts could also add subdistricts to the programme by providing 80% of the funds needed for block grants. By 2008 all districts had made contributions from their own budgets (Majeed 2014).

As the programme expanded, KDP staff made a series of adjustments to ensure that basic principles could be followed even under the diverse local conditions across the country. For example, facilitators were added in post-conflict areas and requirements for *kecamatan* meetings were relaxed in sparsely populated regions where reaching the subdistrict could take several days. Traditional problem-solving and mobilisation mechanisms were also favoured over state-run structures in areas where the former persisted (Majeed 2014). This attitude of learning from programme processes, experimenting with alternate approaches, and making adjustments as needed has prevailed throughout the programme's evolution.

Figure 2. Growth in PNPM Rural (1997, 1999–2002, & 2005–14)



Sources: Friedman 2014; Majeed 2014; PNPM Support Facility 2013 and 2014c.

The size of the programme continued to grow; by 2006 the KDP was reaching nearly half of all Indonesian villages (Figure 2). By 2007 more than six million villagers had been involved in building KDP subprojects, predominantly infrastructure, such as roads; 45% of these villagers were women and nearly 60% were poor (Majeed 2014).

Urban Poverty Programme

The Asian financial crisis hit Indonesian cities especially hard (Sumarto, Wetterberg, and Pritchett 1999). In response to the economic collapse, the Urban Poverty Programme (UPP) was modelled on the KDP and launched in 1999 to transfer resources quickly to the urban poor. The UPP also embraced a CDD approach and many of the same mechanisms as the KDP, with important adjustments for administrative, physical, and social differences between rural villages and urban wards (*kelurahan*). For example, the UPP transferred grants directly to villages (*kelurahan*), rather than subdistrict to fund microfinance, infrastructure, and training. UPP also established a community self-reliance agency (*badan keswadayaan masyarakat* or BKM) in each *kelurahan* as a legal entity to select subprojects and manage funds.

After distributing funds quickly, with minimum required safeguards to respond to the crisis, in 2002 the UPP began to pay more attention to community participation. Orientation workshops were held to increase residents' awareness of the UPP's goals (including poverty alleviation) and processes. Guidelines for BKM member selection were also clarified to ensure representation from all neighbourhoods, active candidacies, and election through secret ballot, although there was substantial variation in the degree to which these criteria were followed (Fritzen 2007). Menus for UPP activities were open, with three focus areas: infrastructure, social protection, and economic activities. Some *kelurahan* were also qualified to set up an RLF for microcredit loans. All technical functions were provided by private consultants (RAND 2011). Like the KDP, the UPP grew quickly during these years; initial activities in six provinces expanded to 28 provinces by 2005.

PHASE 2

CDD Programmes Integrated with National Poverty Alleviation Agenda (2007–11)

The next phase of the programmes began in 2007. In April of that year, President Susilo Bambang Yudhoyono established PNPM Mandiri as the community empowerment pillar of Indonesia's national poverty reduction agenda. This change marked the start of the KDP and UPP programmes' transition towards greater integration with government processes at every level. As a national programme, PNPM Mandiri had as its target to reach national coverage by 2009. Specifically, the programme would work in both rural and urban areas to demonstrate that CDD reduces poverty by providing cost-effective infrastructure and strengthening communities' capacities and institutions to formulate development plans (PNPM Support Facility 2014c).

The President's decision to designate PNPM as an integral part of the poverty alleviation agenda and to devote significant resources to expansion, reflected careful consideration of the KDP's and UPP's achievements. Four main facts helped convince government decision makers²:

1. Outputs

Between 1998 and 2006, more than 50,000 villages and urban wards had participated in the two CDD programmes, benefiting more than 11 million families (World Bank 2010). The KDP had supported the construction of a wide range of infrastructure (Table 1), which helped address rural poverty by connecting communities to markets and services, thereby providing for basic needs and improving productivity. It is important to note that KDP infrastructure was of high quality but built at a lower cost than similar projects built by government contractors. More than 90% were rated as good or very good by independent technical evaluations and cost on average 56% less than comparable government-supported infrastructure (World Bank 2010).

Table 1. Rural Infrastructure Built or Rehabilitated with KDP Funds, 1998–2007

Type of Subproject	Quantity
Rural roads (km)	40,370
Clean water systems (number)	11,080
Irrigation systems (number)	11,060
Bridges (number)	9,050
School buildings (number)	6,730
Public toilet and washing facilities (number)	4,820
Health facilities (number)	3,865
Village electricity units (number)	840

Source: Adapted from PNPM Support Facility (2014a).

2. Impact

The KDP had demonstrated a clear impact on poor households' consumption. Compared with control areas, real per capita consumption gains were

² Section C provides further discussion on results.

11 percentage points higher for poor households participating in the KDP than those that did not (Voss 2008a). Households in KDP subdistricts were also more likely to move out of poverty, and near-poor families faced a lower chance of falling below the poverty line (Voss 2008a).

3. Improved transparency and accountability

From the beginning, the KDP emphasised transparency of funds used at village, subdistrict, and programme levels (Wong 2003). When misuse became evident, there were concerted efforts to identify perpetrators and recover funds. As a result, it is estimated that less than 1% of the US\$820,442,000 disbursed between 1998 and 2008 was misused (PNPM Support Facility 2010). By comparison, almost 30% of IDT funds are estimated to have been diverted (Suryadarma and Yamauchi 2013).

4. Widespread support

A variety of sources have documented the KDP's and UPP's popularity with communities, as well as local governments. Interest from community members was high, especially in rural areas, where on average 45% of participants



were women and nearly 60% were poor (World Bank 2010). When villagers were involved in planning and implementing KDP subprojects, they reported higher satisfaction with the outcome, compared with other programmes (McLaughlin, Satu, and Hoppe 2007; Wetterberg, Dharmawan, and Jellema 2013). Villagers also provided substantial in-kind and financial support to KDP sub-projects; community contributions averaged 17%. Similarly, local governments demonstrated buy-in for the CDD model; 40% provided matching grants to the KDP in 2004 (Guggenheim, Wiranto, Prasta, and Wong 2004).

Thus, with the government's endorsement of the CDD approach, there was a massive ramping up of PNPM Rural to reach national scale (figure 2). To provide a sense of what this required, the total value of financial transfers to communities more than doubled between 2008 and 2011 to about US\$1.7 billion in 2011. By 2013 PNPM Rural was active in more than 70,000 villages and every subdistrict (PNPM Support Facility 2013).

PNPM Mandiri perpetuated the general principles of its predecessor programmes, although there were a number of changes to the design. The KDP and UPP had been carefully monitored and extensively studied³; the results of these studies suggested targeted adjustments to improve the programmes' effectiveness, in particular PNPM Urban. Since 2008 PNPM Urban has incorporated social assistance funds directed towards improving health services, providing scholarships, capacity building, and grants to address priorities of the urban poor (*Pokja Pengendali* PNPM 2012; RAND 2011). The programme also provides matching grants for local governments to fund subprojects that are too big to be financed by *kelurahan* grants but that are identified using consultative processes (PNPM Support Facility 2013). There is also an increased focus on urban upgrading. These changes have been effective. There is also an increased focus on urban upgrading. These changes have been effective in generating local government financial support, but PNPM Urban struggled during scale-up with geographic targeting, the quality of plans developed by communities, and providing benefits to the poor (PNPM Support Facility 2013 and 2014c).

This period also saw several additions to the PNPM line-up of programmes to address needs not met by the core programmes (Box 1). The new programmes primarily elaborated on PNPM Rural mechanisms. In 2008 the PNPM Generasi pilot began, oriented to improving education and maternal and child health indicators by

³ For example, between 2001 and 2011, there were 19 evaluations of UPP/PNPM Urban (PNPM Support Facility 2013). For details on the findings of these and other studies, see section C.

building on the PNPM Rural model. Generasi block grants, however, were restricted to health and education projects, such as textbooks, scholarships, transport assistance for pregnant women, midwives' compensation, and supplementary feeding. In 2010 the programme was expanded and has shown encouraging results in some areas, particularly in improving health outcomes in response to performance incentives (Olken, Onishi, and Wong 2012).

BOX 1 | PNPM Mandiri Programmes: Beyond Rural and Urban

1. **PNPM RIS:** Helps address Indonesia's infrastructure deficit
2. **PNPM RISE/PISEW:** Improves the poor's access to basic infrastructure and microcredit services, building capacity of district and subdistrict administrations to operationalise decentralisation
3. **PNPM Green:** Introduced natural resource and environmental management practices into PNPM programmes
4. **PNPM RESPEK:** Implemented rural CDD programme in Papua
5. **PNPM Mandiri BKPG:** Implemented urban CDD programme in Aceh
6. **PNPM Integration:** Pilots greater integration of the PNPM model with regular district government development planning mechanisms
7. **PNPM Generasi:** Empowers local communities to increase their use of health and education services
8. **PNPM Peduli:** Strengthens capacities of Indonesian civil society organisations to reach and empower marginalised groups to improve their socioeconomic conditions
9. **Creative Communities 2:** Enhances public participation in PNPM through use of creative expressions and community-based cultural activities
10. **PNPM Mandiri Sanimas:** Implemented urban water and sanitation programme
11. **PNPM Mandiri Pamsimas:** Implemented rural water and sanitation programme
12. **PNPM Mandiri Disaster Management:** Supports the government's disaster management efforts at the community level in West Sumatra (*Mentawai*), Central Java, and DI Yogyakarta.
13. **PNPM Mandiri Rural Agribusiness Development:** Provides block grants to groups of farmers for agriculture-based subprojects

- 14. PNPM Mandiri Marine and Fisheries:** Raises well-being and job opportunities of poor community groups that work in the marine or fisheries industry
- 15. PNPM Mandiri Tourism:** Helps poor communities living in and around tourist areas
- 16. PNPM Mandiri Housing and Settlement:** Improves quality of housing, meets housing needs, and improves the quality of settlements through community empowerment.

In addition, local governments initiated programmes that have built on PNPM principles. Box 3 describes the RESPEK programme in Papua. Other examples include ANGGUR MERAH (East Nusa Tenggara), *Percepatan Pembangunan Kelurahan Bermartabat* (Bandung), and GERBANG DAYAKU (Kalimantan Timur). For examples of other CDD programmes managed by provincial and district governments, see TNP2K (2014a).

Sources: Pokja Pengendali PNPM (2012); PNPM Support Facility (2014c); TNP2K (n.d.; 2014a).

Note: RIS = Rural Infrastructure Support, BKPG = *Bantuan Keuangan Peumakmue Gampong*, Sanimas = *Sanitasi Berbasis Masyarakat* or Community-based Sanitation, Pamsimas = *Penyediaan Air Minum dan Sanitasi Berbasis Masyarakat* or Community-based Water Supply and Sanitation



To address geographic, social, and economic challenges unique to Papua, in 2008 the provincial government launched PNPM RESPEK, working with and directly linked with PNPM Rural (Box 2). Because of the distances among settlements in this less populated region, RESPEK grants were provided to villages rather than subdistricts. Project cycles were also extended to allow for longer implementation, which took some pressure off facilitators covering vast geographic areas (Friedman 2014).⁴

PNPM Peduli was added in 2011 to better reach marginalised groups—such as female-headed households, street children, indigenous groups, and people living with HIV/AIDS—who were not included in community-level planning and whose needs were therefore not reflected in subprojects.

Peduli has been implemented by civil society organisations, and has reached more than 15,000 people in 24 provinces during its pilot year through activities such as ensuring land rights for indigenous groups and birth certificates for street children so they are able to enrol in school (Friedman 2014).

BOX 2 | PNPM RESPEK

The PNPM RESPEK programme was designed specifically to address local conditions in Papua. Beginning in 2008, the programme provided Rp 100 million transfers of special autonomy funds directly to villages. Given the time and cost required for travel between villages in this sparsely populated and geographically challenging region, PNPM Rural's mechanisms for selecting subprojects at the subdistrict level have been eliminated.

Subproject menus are also more restrictive than those for PNPM Rural. Although communities have five programmes from which to choose, 70% of funds are used for village infrastructure. A 2011 evaluation of PNPM RESPEK showed that all visited infrastructure projects were of good to moderate quality and more than 80% were in use. RESPEK infrastructure was also 60% cheaper than comparable projects built by the regional government.

⁴ Because funds came from the provincial government, the central government's annual disbursement requirements could be avoided.

The programme has strengthened accountability mechanisms, as evidenced by improved financial record-keeping, communities starting to question use of public funds, and some village chiefs emulating the RESPEK mechanism to handle Village Fund Allocation (*Alokasi Dana Desa or ADD*) funds. However, the participation of the poor has been limited, in part due to low-quality facilitation. As a result, only a third of the infrastructure is used by the majority of the community, including the poor. More than half the infrastructure built by RESPEK provides benefits primarily to village elites.

These findings point to the possibility—but also some of the challenges—of adjusting delivery mechanisms to overcome specific constraints evident in remote areas, while maintaining the core principles of the PNPM model.

Sources: Sari, Rahman, and Manaf (2011)

The central government agencies designated to implement PNPM Mandiri Rural and Urban were, respectively, the Directorate General of Village and Community Empowerment (*Direktorat Jendral Pemberdayaan Masyarakat Desa*) of the Ministry of Home Affairs (MoHA) and the Directorate General of Human Settlements (*Direktorat Jendral Cipta Karya*) of the Ministry of Public Works. The National Development Planning Agency (*Badan Perencanaan dan Pembangunan Nasional* or Bappenas), Menkokesra, and the Ministry of Finance were also closely involved. In 2007 the PNPM Support Facility (PSF) was set up to assist with GOI's implementation and expansion of the programme, carrying out monitoring and evaluation and exploring design changes through research and pilots. The PSF's work was funded by a multidonor trust fund and overseen by a joint GOI-donor steering committee.

The rapid expansion of PNPM and the addition of similar programmes, allowed the government to reach vastly larger numbers of citizens. It also enabled the GOI and local governments to address the needs of specific populations and regions. Some of the drawbacks of the proliferation, however, included a fragmented approach to community empowerment, varying quality of implementation, and confusion at the community level over programme objectives and processes (TNP2K 2014a).

In 2009 the government further defined the country's poverty alleviation agenda to ensure coordination between the aims and implementation of various programmes and reduce the poverty rate to 8%–10% by 2014 (PNPM Support Facility 2014c). The national agenda⁵ identified the following four programme clusters, each with a particular focus:

- **Cluster 1**
Social protection through *targeted social assistance programmes to households*.
- **Cluster 2**
Community-level development and empowerment. PNPM Mandiri is the flagship under this cluster in order to streamline various community-based poverty reduction programmes.
- **Cluster 3**
Small and medium-sized enterprises, as well as microfinance.
- **Cluster 4**
Provision of *large-scale public goods*, such as affordable housing, public transport, clean water, and electricity.



⁵ Defined by Presidential Regulation No. 13/2009 on Coordination in Poverty Alleviation.

The President placed coordination of the clusters under the National Team for the Acceleration of Poverty Reduction (*Tim Nasional Percepatan Penanggulangan Kemiskinan* or TNP2K) led by Vice President Boediono; TNP2K supports different ministries' efforts to reduce poverty. Since 2010 TNP2K has been active across the four clusters, working in particular on improving targeting of poor households through development of the Unified Database and reaching them more effectively through efforts such as the Social Protection Card (*Kartu Perlindungan Sosial*). For more detail on TNP2K's role in furthering the national poverty alleviation agenda, PNPM Roadmap, and transition to the Village Law, see Box 3.

BOX 3 | TNP2K's Leadership in Poverty Alleviation and Community Empowerment

TNP2K was set up by Presidential Instruction No. 15 in 2010 to coordinate the acceleration of poverty reduction across sectors and stakeholders at the central level. To underscore the priority of the TNP2K's mission and ensure responsiveness from policymakers, TNP2K reports directly to the Indonesian Vice President and is managed by respected senior government officials and staffed by Indonesian and international experts in the field of social protection and poverty reduction.

TNP2K was charged with coordinating the four-pronged national strategy for poverty reduction (section B, phase 2). TNP2K's immediate concern was for Indonesia's four main national social protection programmes (cluster 1), but by 2011 TNP2K was also staffing up and beginning to focus on community-based and -managed efforts for village development (cluster 2) through Mandiri. TNP2K acts in tandem with Menkokesra, which heads the PNPM Mandiri Oversight Working Group (*PokJa Pengendali*) and the PNPM Support Facility. TNP2K leads the Policy Working Group (*PokJa Kebijakan*) for PNPM Mandiri.

In late 2011 and 2012, attention shifted and there was an increased focus on PNPM and its roadmap. The main aim of the roadmap was to sustain and mainstream community empowerment programming as part of Indonesia's development and poverty reduction strategy. TNP2K acted as the coordinator for these efforts intended to sustain and maintain PNPM Mandiri's model for poverty reduction and village

development through community empowerment. TNP2K spearheaded an effort to focus on and get broadly based agreement to 12 priority agenda action items for the five pillars of the agreed-to roadmap; these 12 agendas were endorsed by the Vice President (Box 4). TNP2K brought together *PokJa Pengendali* and the PSF and mutually agreed on the appointment of a lead (person in charge) for each of the 12 agendas.

In about two years, numerous multistakeholder workshops and field trips were conducted to formulate policy based on community-level evidence of PNPM good practices. In addition to the workshops and field visits, selected studies were commissioned, for example, a new study on the workings and benefits of community empowerment groups established or strengthened with support from PNPM (Dharmawan, Nugraheni, and Dewayanti 2014).

As a result of TNP2K's efforts, working closely with related organisations, concrete progress on roadmap agendas was achieved. For example, key performance indicators for all government-sponsored community empowerment programmes were formulated and promulgated. Agreement was reached on using TNP2K's Regional Poverty Index (*Indeks Kesejahteraan Wilayah*), a composite welfare index for the allocation of funds to communities. A new policy on the remuneration of community empowerment facilitators was endorsed, for implementation in 2015. A manifesto on good governance including sanctions against politicising PNPM processes and funds was agreed on. A lot of work was also done to build the capacity of district-level local coordination teams for poverty reduction (*Tim Koordinasi Penanggulangan Kemiskinan Daerah*), as well as on the legal establishment of PNPM RLFs. These and other TNP2K efforts on the Cluster 2 PNPM Road Map were widely recognised and led to calls for similar roadmaps to be developed in the other clusters of the poverty alleviation strategy, as well.

TNP2K's participation in drafting a new village law based directly on PNPM experiences and good practices in order to provide a firm legal basis and sustain and mainstream PNPM began in earnest in mid-2013. The PSF led the way and contracted experts to assist the drafting committee in Parliament. With the support of key members of the drafting committee, these experts involved others in the PSF, in TNP2K,

and in Menkokesra to review drafts and provide input. TNP2K, in cooperation with the PSF, also organised field visits for members of the drafting committee, allowing them the opportunity to meet directly with communities, facilitators, and local government to discuss PNPM in light of the draft law. A greatly improved draft of the Village Law (a version that one of the members of the drafting committee called 'PNPM+') passed in December 2013 and was signed by the Indonesian President in January 2014.

During 2014 TNP2K has assisted with the drafting of the two government regulations and various ministerial decrees needed for implementation of the Village Law (TNP2K 2014a). Some success was realised; the use of IKW or something similar was mandated for allocation of funds to villages.

Unfortunately, the 'open door'—extended by Parliament to assist and help ensure PNPM principles and good practices were incorporated in the new Village Law—is at most 'ajar' now and access to drafting processes for PPs and ministerial decrees has been restricted. The regulations passed and the drafts of the ministerial decrees are disappointing (as described in section E) with inconsistencies in both the spirit and the letter of the law, as well as the incorporation of processes and practices introduced in the past 16 years by the government through the KDP and PNPM. TNP2K continues to strive to improve the draft ministerial decrees, so far with limited success.

In addition to fighting for the quality of the implementing regulations, TNP2K has focused on making sure the transition from PNPM programmes to implementation of the Village Law is as smooth as possible with routine annual interfiscal transfers to villages starting in early 2015. TNP2K was instrumental in getting agreement from all stakeholders and endorsement from the Vice President for continuation of PNPM Mandiri in 2015, along with minimum necessary adjustments to accommodate the new Village Law, to provide for a smooth and effective transition to implementation of the Village Law based on new regulations not yet in place.

Unfortunately, the excitement and promise of a new administration and a new ministry in charge of village affairs has also brought with it hesitation and delays. The process of ensuring a smooth transition is not going as well as hoped. At the time of writing, the agreements TNP2K helped negotiate to ensure a smooth transition and continued implementation of PNPM with facilitators in place have not been followed up on by the responsible actors. Public awareness raising of the new Village Law has not yet happened. Training for facilitators and village heads and village government staff is planned, but little has been done.

In short, TNP2K has played an active and positive role in facilitating the continuation of PNPM principles, processes, and procedures through its efforts on the 12 agendas of the roadmap and through its work on the draft of the new Village Law. These contributions have resulted in a significant level of success. TNP2K has worked hard on—but has had much less success in—improving drafts of the government’s implementing regulations for the Village Law.

The challenges and key tasks for the next phase of poverty reduction efforts, including those implemented by communities themselves, are to (1) assist with finalisation of implementing regulations, ensuring accommodation of PNPM principles and good practices; (2) follow up on a number of roadmap agendas that are still relevant, empower communities, and support implementation of the Village Law, such as legal establishment of PNPM RLFs and certification of facilitators; and (3) assist the government, including districts and cities, with monitoring of the implementation of the Village Law and use of village funds.

PHASE 3

CDD Principles Integrated in National Policy (2011–Present)

In parallel with PNPM's incorporation into the national poverty agenda, there were efforts to integrate the programme's principles with government policy. Because it was scaled up to cover all of Indonesia, the government wanted to avoid duplication with existing planning processes and therefore planned for a transition from PNPM project mechanisms to national policy. The three main parts of this transition included streamlining of village budgeting and planning, developing the PNPM Roadmap, and contributing to the draft Village Law.

Village budgeting and planning

The central government began to promote 'One Village, One Plan, One Budget'. The focus of this effort was the participatory drafting of medium-term village plans (*Rencana Pembangunan Jangka Menengah Desa* or RPJM-Des) as the basis for all community development investments. Since 2011 PNPM facilitators have worked



with village communities to develop such plans, which should serve as the basis for proposals submitted through the programme, for other sources of funds in a community, as well as for regular government planning and budgeting processes (*musrenbang*). Furthermore, the intent was for district and sectoral programmes to use the RPJM-Des as their starting point to ensure that their investments in villages aligned with local priorities. By 2014, 47% of villages had developed and formalised RPJM-Des (TNP2K 2014b). The relevance of RPJM-Des as programme guides remained uneven; there were some reports of villages adjusting the RPJM-Des to accommodate programmes imposed from above (Syukri *et al.* 2014) and districts providing support in the general categories, rather than for the specific investments, suggested by the plans (Wetterberg, Dharmawan, and Jellema 2013).

PNPM Roadmap

TNP2K and Menkokesra collaborated with a host of government actors to develop the 2012 PNPM Roadmap to ensure the continuation and mainstreaming of CDD principles in the country's community-based poverty reduction efforts (*Pokja Pengendali PNPM* and TNP2K 2012). The roadmap identified five pillars, detailed in 12 associated policy agendas, which included:

1. Integration of community empowerment efforts and investments
2. Sustainable professional facilitation for communities
3. Strengthening of community institutions
4. Strengthening role of regional governments in support of community needs and priorities
5. Improving governance systems to promote transparency and accountability

More detail on the roadmap, policy agendas, and progress to date is provided in section D.

Draft Village Law

The Village Law (*Undang-Undang 6/2014 tentang Desa* or UU Desa) was the third and final piece of the policy integration effort. The law's development began in 2007 with the drafting of the concept paper (*naskah akademis*) and subsequent government bill (*Rancangan Undang-Undang dari Pemerintah*). In late 2011 the People's Representative Council (*Dewan Perwakilan Rakyat* or DPR) took up the law and provided considerable room for expert input and citizen consultation

along with contributions from government. The UU Desa, which was signed into law in January 2014, substantially strengthens the role of communities in planning and implementing development activities and provides much larger financial resources to villages; it is thus an opportunity to have PNPM principles reflected in national policy (TNP2K 2014a). Several mechanisms specified in the UU Desa align with CDD principles generally and PNPM processes specifically, such as participatory village deliberations (*musyawarah desa* or *musdes*), transparent planning and financial processes, public accounting of use of development funds, and mandating provision of facilitation subsequent government regulations. The details of the ministerial regulations align more closely with the government regulations (*peraturan pemerintah* or PPs) than with the law and undermine the integration of CDD principles in national policies. Section E discusses the UU Desa further.





3

Results of
PNPM Rural
and Urban

The CDD approach rests on the premise that giving communities control of development decisions will better reach the poor and result in more sustainable investments than programmes led by government agencies alone. Not all CDD programmes have delivered on this promise, however.⁶ Studies in other countries have shown that benefits sometimes flow to elites and community collaborations are fleeting, even if spending decisions are better aligned with local needs and communities report increased satisfaction with decisions (Baird, McIntosh, and Özler 2013; Mansuri and Rao 2012; Nkonya et al. 2012).

This section summarises the main documented results from the core PNPM Mandiri programmes, complemented by findings from other PNPM programmes as relevant. The first subsection outlines the strengths of the programmes, whereas the remainder of the section points to some of its limitations. The section focuses on both concrete outcomes (poverty reduction, infrastructure, etc.) and shifts in governance processes (such as improved transparency, participation, and accountability in planning), drawing primarily on PNPM-initiated evaluations and focused research carried out by external consultants, as well as programme staff.⁷ Throughout the programme, there has been substantial investment in continuously studying PNPM to identify impacts, effective mechanisms, and shortcomings that needed to be addressed, especially as the programme has grown (Wong 2003). The programme principle of continuous learning, combined with a willingness to adjust guidelines and programme mechanisms in light of study findings, should be continued during the transition to national policy to ensure that the positive results outlined below persist.

STRENGTHS

Poverty Alleviation in Rural Households

Given that PNPM is, at its core, a poverty alleviation programme targeted at locations where the poor live, it is reassuring that studies have documented improvements in poor households in rural areas. Compared with control areas, a 2012 evaluation showed that real per capita consumption for poor households increased by an average of 9 percentage points as a result of PNPM Rural's

⁶ For example, richer districts, as well as richer households, were substantially more likely to apply for and be aware of Tanzania's Social Action Fund than poor districts and households (Baird, McIntosh, and Özler 2013). One review of CDD programmes (Conning and Kevane 2002, cited in Nkonya et al. 2012) found that targeting was worse than for other types of poverty alleviation efforts.

⁷ Because of the wealth of research on PNPM and limited time available, the review is based primarily on major evaluations complemented by a selection of other studies. Preference was also given to research on PNPM Rural, as these studies were the most relevant for transition to the Village Law.

investments. The proportion of poor households moving above the national poverty line was 2.1 percentage points greater in PNPM subdistricts than in control areas (Voss 2012).

Gains have also been concentrated among the poor. Consumption gains were greater for households in the poorest quintile (11.8 percentage points) than the average gain across the programme areas and were even larger for PNPM households in the poorest quintile of subdistricts (12.7%) (Voss 2012). Even though PNPM projects are designed to be community priorities, the two poorest quintiles of participating populations have received the largest share of project benefits (PNPM Support Facility 2013). Qualitative research shows that gains for the poorest households are greatest when their needs align well with those of the rest of the community. For example, in villages with widely recognised infrastructure needs, poor and wealthy residents alike support and benefit from corresponding investments (Voss 2008b).

Another benefit associated with PNPM participation is higher employment. Households in PNPM areas have a slight (1%–2%) but significant improvement in employment rates relative to villages not involved in the programme (Voss 2012).



Poverty Alleviation in Marginal Areas

One of the Indonesian government's enduring challenges is ensuring that development efforts reach poor areas of the country where economic and human development remain low. The PNPM Rural programme has worked effectively in poor and disadvantaged regions. Impact evaluations have shown that real per capita consumption gains were greater for poor subdistricts (12.7%) than the average gain of 9.1%. For the poorest 20% of subdistricts, per capita consumption increased 19% (Voss 2008b).

In spite of these benefits, it is important to note that PNPM has also faced challenges in remote regions. In areas such as Mentawai and Papua, infrastructure projects have been of lower quality than in other regions. Infrastructure failure rates are twice the programme average in Papua (4% compared with 8%, respectively), and use rates are lower.⁸ Multiple factors explain these differences in programme



outcomes, including problems recruiting programme staff and limited transportation infrastructure (PNPM Support Facility 2014c). The PNPM RESPEK programme has been tailored to implementing programme principles in the specific context of Papua, addressing some of these factors (Box 2).

High-Quality, Cost-Effective Infrastructure

The substantial majority of projects chosen for PNPM funding involve construction or rehabilitation of local infrastructure.⁹ The programme has shown that when communities identify priorities—and also help to build them—the resulting roads, bridges, wells, and other infrastructure are of high quality and generally well maintained. The generally high quality of PNPM infrastructure has been consistent throughout the life of the programme. A 2001 infrastructure evaluation found that 96% of respondents' perceived quality was as good as or better than that built by other government programmes. Three years into the programme, 86% of subprojects were well maintained, with 94% of maintenance done by villagers (Dent 2001). A 2012 evaluation of physical projects showed that 82% were high quality, another 14% were considered acceptable, and 90% of subprojects continued to function as intended (Neil 2013). The higher quality of PNPM projects is attributed to better oversight due to community participation (Baker 2013).

Notably, the higher quality has not come at a higher cost. In fact, PNPM infrastructure projects have cost a lot less to build than those constructed by contractors. Infrastructure evaluations have consistently shown PNPM projects in rural areas to be 25%–30% cheaper than similar infrastructure built by local government contractors (Table 2).¹⁰ Savings can be even higher in cases that involve substantial labour contributions from community members, such as concrete or gravel roads (50% and 75% savings, respectively) and latrines (40% savings) (Neil 2013). Studies show consistently high internal rates of return for PNPM subprojects; values range from 30% to 60% (Torrens 2005; Wong 2003, citing Dent 2001).

⁸ Lack of maintenance is a persistent problem for infrastructure of all scales in Papua. Because of the great need for infrastructure investment, resources are often channelled to new projects, rather than maintaining existing stock. Systems for user fees are also underused. PNPM-built infrastructure thus mirrors the 'neglect of maintenance—and attendant short life—that plagues infrastructure at a larger level' in Papua (World Bank 2009, p. 34).

⁹ In 2005, 76% of PNPM Rural investments were for infrastructure projects, 23% for economic activities, and 1% for education and health (Gaduh 2010, citing the Asian Development Bank (ADB) 2005). In 2013, 94% of funds were spent on a combination of infrastructure and health/education investments, whereas 6% were spent on RLF (personal communication, Lily Hoo, 12 November 2014). About 70% of community grants in PNPM Urban are used for infrastructure (Baker 2013, p. 15).

¹⁰ Note even higher savings in Papua (Box 2).

Table 2. Average Cost Comparison between PNPM Rural and Government-Built Infrastructure

Type of Subproject	Unit	PNPM Average Cost (Rp/Unit)	Government Cost (Rp/Unit)	PNPM/ Government
Buildings	m ²	1,220,000	2,380,000	51%
School rehabilitation	m ²	810,000	930,000	87%
Concrete road	m ²	132,000	289,000	46%
Gravel road	m ²	30,000	116,500	26%
MCK	m ²	1,040,000	1,672,500	62%
Bridge (wood/concrete)	m ²	2,585,000	3,150,000	82%
Retaining wall	m ³	674,000	914,000	74%

Source: Neil (2013). Note: MCK= Public Bathing & Washing Facilities

Improved Access to Some Services

The cost-effective investments in infrastructure have resulted in improved access to some services, especially health but with more mixed effects in education (TNP2K 2014a). Compared with villages where PNPM was not active, households in PNPM areas increased access to health services by 5.1% between 2007 and 2010 (Voss 2012). TNP2K notes that improvements in ‘access to education are not apparent, particularly for the transition from primary to secondary school’ (TNP2K 2014a, p. 111). The PNPM Generasi programme, which focuses on improving access to and delivery of health and education services, has however has showed statistically significant improvements across a range of measures, particularly in more frequent weight checks for young children to monitor malnutrition and increased school participation for primary school students. The improved access to services resulted in a 10% decrease in malnutrition compared with non-Generasi areas (Olken, Nishi, and Wong 2011). A qualitative evaluation of PNPM Generasi showed that communities were well aware of these advantages; villagers, community leaders, and service providers reported that PNPM was more beneficial in terms of health and education than other programmes (Febriany et al. 2010).

More Inclusive Participation for Rural Women and the Poor

CDD approaches are premised on broad community participation in planning and implementation of development priorities. If women, as well as poor and marginalised residents, are included in decision-making, benefits should accrue to these groups, not just to village elites who often control local resource flows. PNPM Rural’s design

has included specific mechanisms to ensure that women and the poor participate. For example, a meeting exclusively for women is held to generate priorities and identify female representatives to attend intervillage prioritisation and subproject selection and funding meetings. Two of three proposals from each village should come from women. For implementation of subprojects, PNPM Rural requires that poor villagers must be involved as labourers and supply local contribution in cash or kind, often as voluntary labour.

These processes have been effective. A qualitative evaluation of the KDP reported that the programme stood out to village residents for paying greater attention to involving ordinary villagers in planning than other projects (McLaughlin, Satu, and Hoppe 2007). Data from PNPM Rural show that women and the poor have had notable involvement in that programme; women have made up 50% of those engaged and 45% of participants categorised as poor. The poor have also been heavily involved in subproject implementation; more than 70% of workers for PNPM Rural infrastructure have been drawn from the poorest segments of the village (Pokja Pengendali PNPM 2012). Although these gains speak to the effectiveness of programme processes, it is also important to note that the quality of participation from women and the poor has not been comparable to their substantial presence at planning meetings (discussed further below). Village officials, as well as religious and traditional elites, often continue to dominate proposal development and selection without providing opportunities for participants who had previously been excluded (AKATIGA 2010).

For PNPM Urban, levels of participation have not been as high as in rural villages. In 2011, 80% of residents surveyed reported they had not taken part in the programme's planning processes, either by voting or by attending meetings (RAND 2011). Women have been involved at rates equal to those for men in voting for BKM candidates, but they have comprised only 15%–20% of candidates and representatives in decision-making bodies (RAND 2011). Contributing factors include insufficient information dissemination, high opportunity costs for the poor, and participation fatigue (Baker 2013).

Improved Transparency and Accountability at Community and Subdistrict Levels

The PNPM Rural and Urban programmes have become well known for higher levels of transparency and for having stronger accountability mechanisms than other development programmes. These perceptions are widely and independently held by both government actors and community members. For example, local

officials interviewed for the PNPM local governance study (2012) noted high participation, transparency, and accountability as key differences between PNPM and the programmes they regularly worked on (Woodhouse 2012). In a KDP evaluation, district and subdistrict officials also reported more complete budgets and plans for KDP subprojects than from non-KDP villages (McLaughlin, Satu, and Hoppe 2007). Similarly, villagers in 20 villages in 3 provinces reported higher levels of transparency and greater satisfaction with PNPM projects compared with other programmes implemented in their communities (Wetterberg, Dharmawan, and Jellema 2013). External evaluations of PNPM Rural have also indicated that programme mechanisms for participation, transparency, and accountability have functioned well, particularly at the village and subdistrict levels (Syukri, Mawardi, and Akhmadi 2012) and that the KDP was more transparent than other projects (McLaughlin, Satu, and Hoppe 2007). In one study, 60% of villagers reported good access to information for PNPM and 68% were satisfied with the programme, compared with, respectively, 24% and 29% for other development programs (Woodhouse 2012).



As a result of PNPM's emphasis on transparency and accountability, coupled with extensive internal and external financial monitoring (see below), leakage of programme funds has been low. Since 2008, reported corruption levels have consistently been below 1% of overall disbursement (PNPM Support Facility 2014b), which is especially remarkable given the highly distributed flows of programme funds to subdistricts and villages. It is also low relative to other programmes designed to reach poor Indonesians. By comparison, Olken (2006) estimated that at least 18% of transfers of rice from the GOI's Raskin programme did not reach intended beneficiaries. For the IDT programme—which transferred grants to poor villages but lacked PNPM-style transparency and accountability mechanisms—almost 30% of funds are estimated to have been diverted (Suryadarma and Yamauchi 2013). About half of funds stolen from PNPM programme activities have been recovered, often through community-based solutions and sanctions (PNPM Support Facility 2014b). As detailed below, RLFs account for the majority of corruption cases, even though these funds account for less than 10% of total PNPM funds.

Improved Transparency and Accountability in Programme Oversight

As in other CDD programmes, the focus in PNPM has been on shifting accountability downward, to break from historical patterns of village governance that were oriented towards higher levels of government (Antlöv 2003; Evers 2000). To support community-level mechanisms and to ensure that funds reach subdistricts, the PNPM programmes have complemented village and subdistrict accountability and transparency mechanisms with central and regional oversight. Through its stages of development, PNPM staff have worked to ensure a robust monitoring system, adjusting as needed with the programme's expansion. The monitoring mechanisms are also tied to concrete sanctions; for example, transfer of next year's subdistrict block grant is on hold if corruption is discovered in one village until satisfactory progress is made on resolving the case and recovering the missing funds. Together, the community- and program-level safeguards have resulted in the low levels of corruption reported above.

Programme-level mechanisms include independent monitoring (external audits), internal review (management information system [MIS], qualitative data collection, and supervision), and input from communities through participatory monitoring and a complaints handling system. Since 2000, annual external audits have been carried out by the independent government development audit agency BPKP (Wong 2003). For example, in 2012, BPKP, working with local government

inspectors, audited 19% of the total of 5,146 subdistricts covered by PNPM, which resulted in 956 audits. The audits identified irregularities amounting to slightly more than 1% of total disbursement in FY 2012; the majority concerned problems with subproject verification, such as discrepancies with the volumes or numbers of items used in construction (Table 3). Revolving loan funds continue to cause a substantial share of the problems (PNPM Support Facility 2014b).

Table 3. Distribution of Irregularities Based on External Audit Results, 2011–12

Type of Audit Finding	2011 (%)	2012 (%)
Misprocurement	3	1
Weak subproject verification	32	54
Revolving loan funds	66	46

Source: Adapted from PNPM Support Facility (2014b).
Note: Rounding results in totals different from 100%.

The external audit results have also been used to guide internal supervision and monitoring efforts. Supervision is carried out by both central and regional PNPM government staff and government-hired consultants. In addition, with increasing involvement of national and local government staff, PSF field analysts reviewed more than 550 subprojects in 2013 (PNPM Support Facility 2014c). It is important to note that supervision visits have been targeted, with sites chosen based on risk factors such as staff turnover, multiple grants, delayed implementation, and remote locations (Friedman 2014; Wong 2003). This strategy has relied on engagement with monitoring data from multiple sources (project MIS¹¹, Complaints Handling System¹², and external audit) to maximise the effectiveness of resources allocated for supervision, rather than random selection or convenience sampling.

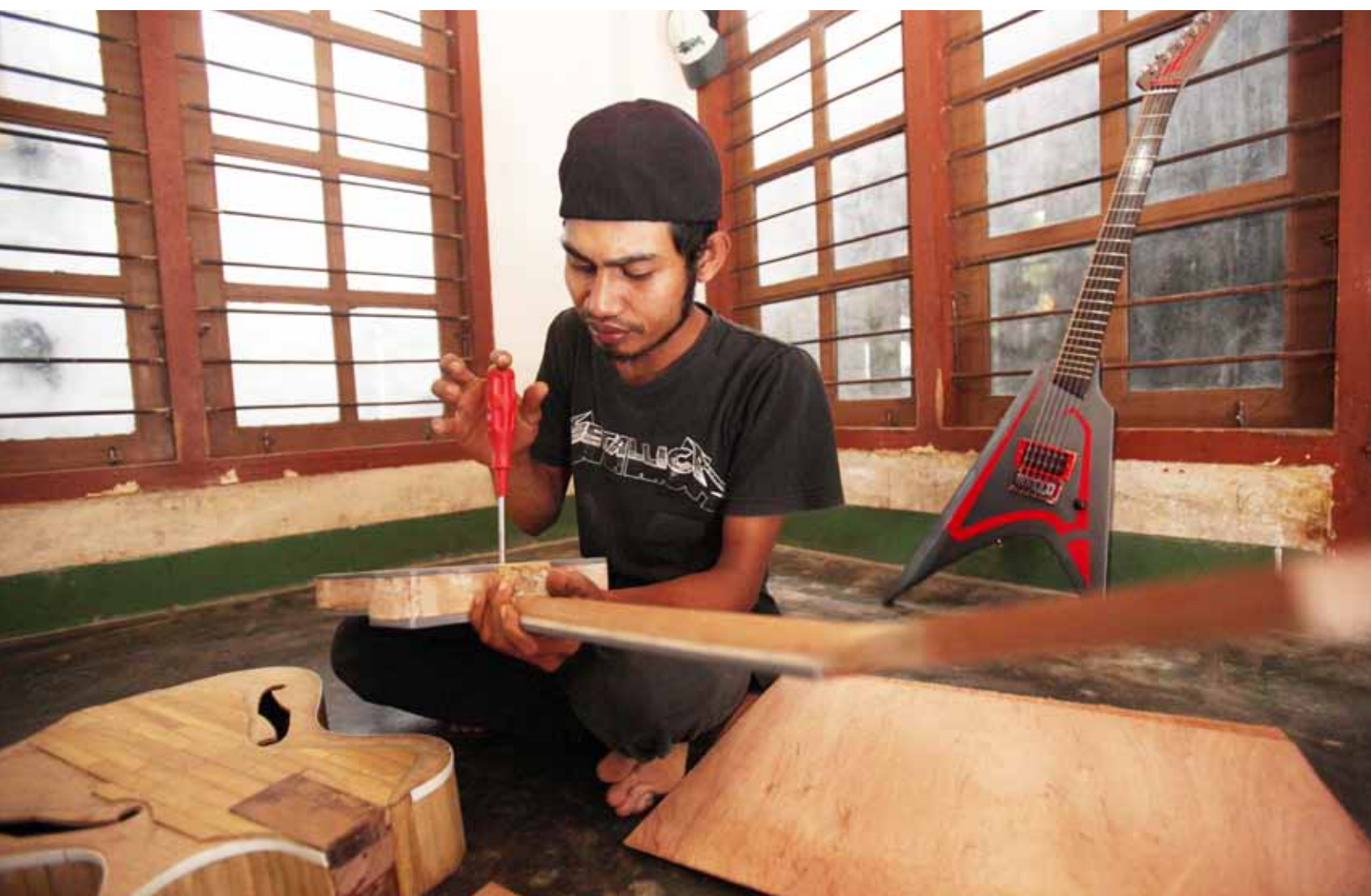
Such evidence-based, strategic supervision has been harder to sustain for ongoing monitoring by regional staff, who have been reluctant to monitor remote areas regularly. For example, in the first half of 2013, only 26% of remote subdistricts had been visited by regional PNPM staff. The low rate of monitoring was not due to budget constraints, as only 35% of travel budgets had been used (PNPM Support Facility 2014b). Other mechanisms instituted by PNPM for local monitoring have also struggled. In 2013 the Supervisory Body (*Badan Pengawasan*) of the UPK

¹¹ The PNPM MIS relies primarily on reports from programme staff at the *subdistrict*, district, and provincial levels. Salaries have been tied to report completion, which has proved effective in increasing reporting rates (Wong 2003, p. 11). The MIS for PNPM Rural underwent redesign in 2014.

¹² The PNPM Complaints Handling System has been more effective at earlier stages of the programme but has suffered from weak data verification in recent years (PNPM Support Facility 2014b; RAND 2011).

was required to monitor the UPK annually. Compliance has been low, however, with less than 60% of such audits completed by September 2013 (PNPM Support Facility 2014b).

Although underuse of available resources clearly indicates that more effort should have been put into regional supervision, PNPM monitoring visits are much more frequent than standard practice for government programmes, which often provide very limited supervision budgets that, in extreme cases, allow district staff to visit only a single site per year (Wetterberg, Brinkerhoff, and Hertz 2013). Furthermore, the attention paid by central PNPM staff to the rates of supervision by regional colleagues underscores accountability principles applied in the programme. Such follow-up by higher levels of government to ensure that transferred funds are used as intended has often been lacking in Indonesia, even after decentralisation (Lewis and Smoke 2011).



LIMITATIONS

In addition to the generally positive outcomes outlined above, PNPM has not met expected objectives or shown substantial limitations in several areas, as follows:

Maintenance for Sustainability

As detailed above, infrastructure projects built with PNPM funds have been cost-effective and of high quality. Community members often demonstrate their feelings of ownership on the assets that they identified, selected, and helped build by ensuring that infrastructure is maintained. For example, when the first projects built under the KDP were revisited two years later, evaluators found that 86% were maintained and 94% of maintenance completed by communities (Wong 2003).

Over time, however, these projects need more costly investments for continued viability, such as resurfacing of roads and replacements of water pipes. A 2010 study of infrastructure maintenance found that for rural residents to maintain a typical combination of village infrastructure (roads, bridges, and piped water) would cost up to 2.8% of their total consumption. The researchers estimated that in only 10%–20% of villages could sufficient user fees be collected to provide adequate maintenance (Gaduh 2010). Although some wealthier communities or particularly well-organised ones are able to mobilise the necessary funds and technical support, poorer residents or those in poorly governed villages often cannot. As a result, benefits from PNPM infrastructure investments decline over time, as projects fall into increasing disrepair. Infrastructure maintenance is thus an area in which higher levels of government should provide support for communities, while also contributing cost-effectively to Indonesia's goals for infrastructure development.

Low Uptake of PNPM Governance Mechanisms outside the Programme

Although PNPM programmes are generally more participatory and transparent and have clearer accountability mechanisms than other government programmes (see above), programme mechanisms have not spilled over into other public planning processes and development efforts. The expectation underlying PNPM design principles has been that, once communities are included in selecting development priorities, aware of decisions and funding allocations, and have had repeated opportunities to monitor implementation through PNPM, residents will come to expect and press for similar processes outside the programme. In practice, however, these standards have been uniquely associated with the programme and have

rarely spread outside it (Voss 2012). There are examples of community members gaining leadership and administrative skills that they transfer to other community activities and programmes but few direct transfers of PNPM processes.¹³ Several recent qualitative studies have found that there have been almost no spillovers of governance principles and processes, even in communities where PNPM Rural and Urban governance mechanisms have functioned relatively well (Dharmawan, Nugraheni, and Dewayanti; Pieroelie 2012; TNP2K 2014a; Woodhouse 2012).

The weak diffusion of PNPM mechanisms has been attributed to several factors (Dharmawan, Nugraheni, and Dewayanti 2014; Sacks 2014; Voss 2012). First, villagers perceive PNPM governance mechanisms as programme rules, rather than general principles that could be more broadly applied. Second, this tendency is reinforced by elites who prefer to preserve the status quo. In particular, power is concentrated in the village head; PNPM mechanisms have not been strong enough to counterbalance the village head's control and create space for community input outside the programme. Third, no clear incentives exist for villagers or elites to promote greater transparency and accountability and, in fact, risks of social sanctions exist for nonelites who push for such mechanisms.

Dharmawan, Nugraheni, and Dewayanti (2014) also pointed out that many villages lack sufficient funds for PNPM planning mechanisms to be relevant. Fund allocations from districts (ADD) are often only enough to cover village governments' operational costs, even though regulations require 70% of ADD funds be used for development activities and capital investments. Other funds flowing through villages from higher levels of government are usually already earmarked for specific programmes with little room for adaptation of relevant rules.

Furthermore, the rare cases in which PNPM governance mechanisms have been more broadly applied are attributed to community and officials' deep familiarity and direct engagement with project principles (Pieroelie 2012). Given PNPM's rapid scale-up, there are many areas without the long experience that allow governance principles to take root.

That PNPM principles have not diffused beyond the boundaries of the programme means that formal institutional mechanisms are needed to prompt broader shifts in local governance, particularly given the much larger funds transfers to villages mandated by the UU Desa. Communities' familiarity with PNPM can help inform

¹³ For example, Dharmawan, Nugraheni, and Dewayanti (2014: 27) found that nonelite members that participate in BKM play a more dominant role in other community activities after gaining BKM experience. There are similar reports in Betke and Ningsih (2011; see also Joint Donor and Government Mission 2007).

how such formal mechanisms are implemented, but the government must put them in place—as past experience shows that communities are not able to bring them about on their own—and enforce their use. The Village Law provided for some of the needed changes, but much more detailed guidance is needed in accompanying regulations to ensure comparable governance mechanisms—as well as the positive outcomes detailed above—to those associated with Indonesia's eight years of PNPM (see section E).

Shortcomings and Weakening of Governance Mechanisms

Although participation, transparency, and accountability in PNPM programmes have been documented to function better than in other government programmes, shortcomings remain. In terms of participation, the poor and women attend planning meetings and are involved in implementation but participate less frequently in decisions, which remain dominated by elites (Neil 2013). Marginalised



groups remain excluded from participation (AKATIGA 2010). There are reports that the quality of participation in PNPM Rural may be declining, with decreased input from nonelites over time (Woodhouse 2012) and that there is limited citizen empowerment and ownership in remote and marginal areas of the poorest regions (Neil 2013). Participation rates have also been low in PNPM Urban areas where 20% of community members are estimated to participate in decision-making (Baker 2013).

The relatively low participation in urban areas is not unexpected, given high opportunity costs; PNPM Urban participation rates are comparable to similar CDD programmes in other countries (Baker 2013). In rural areas, other studies have also found stagnant or declining participation in local planning processes outside of PNPM. For example, quantitative and qualitative data from the longitudinal Local Level Institutions Studies indicate a recent decline in the proportion of projects with a participatory element and a steep decrease in the proportion of households reporting that they actively participate in village-level programme planning. Notably, the awareness of planning processes has increased (no respondents reported that there is no development planning in the village), but overall participation rates in these processes have not risen correspondingly (Wetterberg, Dharmawan, and Jellema 2013). These broader changes suggest that PNPM Rural's participation challenges may—at least in part—reflect institutional changes beyond the scope of the programme.

The persistent challenges of ensuring broadly based participation and the recent declines in participation in PNPM processes raise the issue of elites' role in CDD programmes. In their exhaustive review of CDD programmes, Mansuri and Rao (2012) found that elites generally participate at higher rates and capture more of the benefits, especially in poor, remote, unequal, and less educated communities. Studies of PNPM and similar programmes have confirmed that CDD approaches by no means exclude elites (Dasgupta and Beard 2007; Fritzen 2007; Lund and Saito-Jensen 2013). Social orders tend to be reproduced, and existing elites are—at least initially—better placed than ordinary community members to take advantage of the opportunities provided by CDD programmes (Lund and Saito-Jensen 2013). However, there can be a shift from elite capture (in which elites monopolise benefits) towards elite control. The latter concept is characterised by elites going beyond their own direct interests to address the needs of nonelites and the community as a whole (Alatas et al. 2013; Dasgupta and Beard 2007). In particular, democratically elected elites are more likely to hold pro-poor attitudes, to actively pursue interests other than their own, and to share information with community members (Fritzen 2007). Subordinate groups may also bring about a broader set of leaders' involvement in decisions to reflect their interests

by using participatory mechanisms to influence who is involved in decision-making (Fritzen 2007; Lund and Saito-Jensen 2013).¹⁴ To prevent a backslide into the elite capture evident pre-Reformasi (Antlöv 2003; Evers 2000), it is thus critical to strengthen processes that ensure that both a broad set of community members and a diverse set of elites are involved in village planning and decision-making.

Although PNPM is generally perceived as more transparent than other programmes (Sacks 2014; Wetterberg, Dharmawan, and Jellema 2013), the information shared is not always conducive for social accountability. Villagers are often more aware of project procedures than of financial details or complaints mechanisms (Woodhouse 2012). In urban areas, awareness is often limited to outcomes, and the name of the programme, without knowledge of objectives or details on processes (RAND 2011). Public notice boards are intended to be one of the main channels for providing ongoing information on PNPM subprojects to communities. However, the purpose of the boards is often poorly understood and the boards are often out of the way and contain outdated, difficult-to-understand information or none at all (Pieroelie 2012; Woodhouse 2012).

Without accurate information on what PNPM is expected to achieve, community members cannot hold project implementers to account. However, even when they possess relevant information, project accountability mechanisms are not consistently used. Community members prefer informal grievance (e.g., short message service, reporting to PNPM staff, etc.) to public complaint mechanisms, fear repercussions, or question effectiveness. The sense that complaining is of no use has been compounded by technical problems with PNPM's short message service gateway and Complaints Handling System, as well as increasing delayed response to complaints from programme staff as PNPM has expanded (PNPM Support Facility 2014b). Furthermore, heavy sanctions on the community for corruption provide a disincentive, as reporting risks suspension from the programme (Pieroelie 2012; Woodhouse 2012).

There is suggestive evidence, however, that the reticence to complain can be overcome. A large-scale, controlled experiment testing different accountability mechanisms' effectiveness in reducing corruption indicates that villagers are willing to complain, when given the opportunity to do so safely. In Olken's (2007) study

¹⁴ Along these lines, the third Local Level Institutions study found a broadening of candidates standing and elected for village head, as well as effective use of electoral accountability mechanisms, reflecting changes to election procedures in 2004 (Wetterberg, Dharmawan, and Jellema 2013).

of PNPM road projects, villagers who were provided anonymous feedback forms to communicate problems to be discussed at a community meeting complained in substantial numbers in every village. Community members' complaints alone showed no statistically significant effect on corruption in the study, but this outcome suggests a lack of response to complaints, rather than citizen unwillingness to voice concerns when they can do so without fear of repercussions.

The challenge is thus to ensure responses to complaints are made. With complaint response, there are indications that community members take greater ownership of PNPM projects. Gaduh's (2010) study of PNPM Rural infrastructure showed that community members reported a higher willingness to pay for maintenance if their prior complaints had garnered a response. A recent study of anonymous complaints surveys to communicate problems with health services in the USAID-Kinerja programme found that complaints led to ongoing efforts to improve service delivery when providers' responses resulted in either very clear impacts in terms of concrete outcomes (reduction in maternal mortality, increases in clients coming to health centers, etc.) and/or attention from higher levels of government, usually in the form of rewards (Wetterberg, Hertz, and Brinkerhoff, forthcoming).



Lagging Monitoring Systems and Responses to Corruption

Corruption has been remarkably low in PNPM (Majeed 2014; PNPM Support Facility 2014b). However, monitoring capacity and complaints resolution mechanisms have been stretched by the programme's expansion. Community members and facilitators complain that repeatedly reported problems go unaddressed by higher-level PNPM staff (Dharmawan, Nugraheni, and Dewayanti 2014; Woodhouse 2012). With the scale-up, there have been an increasing number of large corruption cases that have taken longer to investigate and litigate (PNPM Support Facility 2014c). These are signs that the programme's mechanisms for monitoring and responding to corruption have not kept pace with its larger scope.

Revolving loan funds pose a particular risk. An audit of 508 UPKs responsible for managing these funds showed that many have suffered from declining repayment rates due to perceptions that loans do not need to be repaid, unclear legal status, and weak management capacity (World Bank 2014). They also fail to benefit the poor women whom they are intended to target (McLaughlin, Satu, and Hoppe 2007; PNPM Support Facility 2013). The RLFs are the 'highest corruption risk for PNPM Rural'; in 2013 they accounted for 75% of all reported corruption cases and 82% of all large cases¹⁵ (PNPM Support Facility 2014b, p. 7). In response to these problems, a new monitoring system was piloted in 2014 and TNP2K has worked to strengthen RLFs' legal status.

Facilitators Are Critical to PNPM Objectives and Sustainability, But Scarce and Overworked

Furthermore, PNPM's strengths rest on the intensity and quality of facilitation of the programme's processes. It is difficult to overstate facilitators' contributions to the programmes' achievements. Facilitators—at community, subdistrict, district, and provincial levels—are responsible for making sure that information is shared, meetings occur, community members are invited, and project mechanisms function according to programme principles. They also monitor implementation, report on progress to higher programme levels, connect communities with technical assistance, and receive and channel complaints. Research in other countries has shown that information and outreach, which facilitators provide, are critical to ensuring that CDD programmes benefit the poor (Baird, McIntosh, and Özler

¹⁵ Cases above US\$21,000.

2013). In 2013 there were well more than 25,000 trained and experienced PNPM facilitators across Indonesia (PNPM Support Facility 2014c).

As PNPM has scaled up nationally, the programme has expanded into regions with more dispersed populations and more challenging physical environments, enlarging areas for which facilitators are responsible and increasing their workloads. At the same time, the programme's reporting requirements have increased, shifting facilitators' attention away from supporting effective programme implementation and towards administrative duties. Furthermore, the expansion increased the number of facilitators required to implement the programme, creating challenges for PNPM recruitment and training mechanisms (PNPM Support Facility 2013). PNPM also faces competition for good facilitators from other participatory programmes, which have become increasingly common in Indonesia and sometimes offer more competitive salaries and attractive working conditions (Woodhouse 2012).

As a result of these shifts, there are urgent problems with the availability and quality of facilitation. PNPM field staff at every level feel overworked, especially because recruitment challenges have left many positions unfilled, resulting in lower-quality subprojects and less engagement with communities (RAND 2011; Woodhouse 2012). In 2012, for example, there were unfilled facilitator positions in three-quarters of Papuan subdistricts and 205 of 422 technical facilitator positions in the region were vacant (Neil 2013). Given this situation, a number of subprojects had never been visited by a facilitator or engineer, contributing to lower technical quality in Papua (where 8% of projects fail, compared with 4% in the programme overall). Subdistrict facilitators responsible for larger geographic areas tend to sacrifice time with communities to ensure that reporting requirements are completed, reducing promotion and monitoring of governance principles (Dharmawan, Nugraheni, and Dewayanti 2014). Social facilitator qualifications have also declined, there have been complaints of stronger administrative capacity than facilitation skills (Sari, Rahman, and Manaf 2011) and lower commitment to PNPM's empowerment goals (Woodhouse 2012).

The problems with facilitation jeopardise the sustainability of PNPM's achievements. Furthermore, the passage of the UU Desa, which stipulates facilitation for all villages, will exacerbate recruiting and training needs. The success of the law, which extends many of PNPM's processes, depends in large part on providing skilled and experienced facilitators. Efforts are under way to address some of these challenges (see section D), but they are likely to continue to plague implementation.



4

PNPM
Roadmap

A number of the limitations outlined above have been raised in the PNPB Roadmap, which sets out a strategy for integrating the programme with national policies. The roadmap was formulated by TNP2K and Menkokesra in 2012 with input and endorsement by Bappenas and all PNPB implementing ministries, based on prior research and extensive consultations with government and citizens, to ensure sustainability of PNPB Mandiri (*Pokja Pengendali PNPB* and TNP2K 2012).

The roadmap sets out five policy pillars, broken down into 12 agendas for implementation activities (Box 4). The first pillar is *Integration of Community Empowerment Programmes*, which aims to ensure that PNPB planning mechanisms and regular local planning processes align. A past criticism of PNPB has been that it has circumvented regular planning processes, as well as state agencies, essentially setting up a parallel system for selecting and implementing local development priorities. Activities outlined under pillar 1 are designed to integrate PNPB planning processes so villages rely on them to draw up a medium-term development plan (RPJM-Des), which includes both selection of projects funded locally and support required from district governments. The result would be a streamlined and unified investment strategy to guide annual village work plans and budgets, captured in the concept 'one village, one plan, one budget' (see section B). Programmes from higher levels of government, as well as private actors and nongovernmental organisations, must be coordinated with village plans to improve on past experience of imposed and sometimes overlapping national and regional programmes that do not correspond to local needs.

The second roadmap pillar addresses the need for Sustainable Facilitation. Facilitators are critical to ensuring PNPB's strengths are fulfilled, but national scale-up has taxed recruitment and training processes (see section C). Through work related to pillar 2, the PNPB Roadmap commits the government to improving the competence, status, and remuneration of facilitators. Specific actions relate to technical and remuneration standards, professional certification, and accredited training programmes.

BOX 4 | PNPB Road Map: 12 Action Agendas

1. Identifying programme achievement indicators
2. Strengthening existence of community empowerment organisations
(*lembaga pemberdayaan masyarakat*)

3. Continued use of and standards for facilitator competence, certification, and remuneration
4. Use of an integrated database and PODES to determine locations and allocations for better targeting
5. Raising transparency and accountability principles
6. Guidelines for integrating and coordinating central and regional government programmes with community priorities
7. Ensuring participatory planning in regular development planning
8. Strengthening role of subdistrict as a coordinating district agency (SKPD) for regional community empowerment
9. Ensuring direct funds transfer to communities
10. Strengthening role of local coordination teams for poverty reduction in coordinating community empowerment
11. Ensuring asset maintenance
12. Policy institutionalising and professionalising community revolving funds

Note: PODES = Potensi Desa (Survey of Village Potential), SKPD = Satuan Kerja Perangkat Daerah.



Pillar 3 aims to Strengthen Community Institutions. Through implementation of PNPB Mandiri, a number of community institutions and mechanisms have been set up—such as the UPK, BKM, BKAD, village infrastructure implementation teams, and Intervillage Discussion (*Musyawarah Antar Desa*)—that have been involved in the programme’s planning processes and implementation of subprojects. To be sustainable beyond the life of the programme, these bodies would need to be officially recognised or given legal status and capacity support.

Strengthening the Role of Regional Governments (pillar 4) would increase the role of local governments in ensuring effective local development processes. Through a gradual transfer of responsibility to regional governments, it is expected that community empowerment efforts will be better tailored to local conditions and needs.

Pillar 5 is intended to Improve Governance Systems, Transparency, and Accountability. Good governance principles and mechanisms are to be integrated at all levels of government by facilitators and community institutions and implementers. For these principles to result in community empowerment and more effective development, legal processes need to be strengthened so there are real consequences to corruption and identified abuses can be justly and quickly resolved.

To date, some progress has been made towards fulfilling the roadmap’s objectives. A recent study considered the degree to which community empowerment programmes have become integrated in regular development processes (pillar 1). Researchers found that all study villages had extensive experience with empowerment programmes.¹⁶ However, none of these programmes refer to the RPJM-Des, aside from PNPB Rural, whose facilitators have assisted in drafting such plans.¹⁷ Study villages without PNPB Rural did not have an RPJM-Des. In most communities with such plans, however, villagers report that RPJM-Des do not include development priorities, suggesting a lack of community participation and government responsiveness in planning meetings to draft the plans (Syukri et al. 2014). Other studies have indicated that, even when RPJM-Des and RPJM-Kab are required to align, only general categories are included in the village documents (rather than the specific projects communities identify) to allow for maximum flexibility in district planning (Wetterberg, Dharmawan, and Jellema 2013). These findings highlight the need for further work on pillar 1 at community, district, and policy levels to integrate planning processes and ensure that RPJM-Des are widespread and more than a formality.

¹⁶ Study villages reported between 3 and 12 empowerment programmes in the past 3 years (Syukri et al. 2014).

¹⁷ Nationwide, it is estimated that 47% of villages have RPJM-Des (TNP2K 2014b).

Substantial resources have been devoted to improving the quality of facilitation and to establishing the facilitator role as a viable career path, as a means of attracting capable candidates (pillar 2). Relevant government agencies, assisted by the PSF, have supported establishment of an independent Institute for Professional Certification of Community Facilitators (*Lembaga Sertifikasi Profesi–Fasilitator Pemberdayaan Masyarakat*), which has been officially credentialed by the Ministry of Manpower and Transmigration. This institute has already established 16 regional test centres and has appointed competency assessors but has made very slow progress towards certifying facilitators. By the end of 2013, only 422 of the very modest target of 3,000 facilitators had been certified (PNPM Support Facility 2014c, p. 90). Although the training and implementation of the certification mechanisms are still at early stages, a limited supply of highly qualified, certified facilitators is likely to persist. The government did endorse a new unified remuneration policy for PNPM facilitators, which is to be fully implemented in 2015.

Related to pillar 3, the recent PNPM Community Groups Study explored the sustainability of organisations set up by the programmes, such as the UPK, TPK, BLM, and BKAD (Dharmawan, Nugraheni, and Dewayanti 2014). The authors found that these groups were not well integrated with development efforts outside PNPM, as other programmes specify their own rules for involvement and



construction of implementation mechanisms. Because communities rarely have significant funds to manage independently, there are few opportunities to activate PNPM organisations outside the programme's own processes. This is the case even in urban areas, where PNPM organisations have stronger legal status than in rural regions.

Decentralisation of PNPM management and administration to provincial levels has been piloted in Aceh and Central Java (pillar 4). In these provinces, regional governments are taking over planning and implementation of the programme to tailor it to local circumstances and increase responsiveness, so that central agencies can eventually focus exclusively on policy frameworks, guiding regulations, and standards (PNPM Support Facility 2014c, p. 5). These pilots are still under way, with a more general shift in responsibilities to regions (reflecting learning from these efforts) still to come.

Many of the regulatory underpinnings for improving governance (pillar 5) at the village level are contained in the UU Desa, which was passed by the DPR in December 2013 and signed by the Indonesian President in January 2014. However, passage of the law and rapid drafting of derivative regulations has in some ways pre-empted further progress on the roadmap. The Village Law is a critical part of realising the roadmap, and the roadmap and its five pillars and 12 agendas are instrumental to full and effective implementation of the new Village Law. The Village Law has sped up the need for implementing regulations, both national and district/city, and mechanisms for its implementation that have not yet been completed through the roadmap's structured action agendas, which were geared towards a longer time frame.

In May 2014 a high-level technical meeting chaired by the Vice President laid out plans for implementing the Village Law. It was decided that PNPM Mandiri should be used as the system and mechanism for implementing the law in a transition period, at least in 2015–16. As PNPM principles already inform the law and related legislation (see section E), the next logical step was to develop transition plans informed by the same approach. The target is that, by early 2015, block grants (*Dana Desa*) will be transferred from the central government to districts for further disbursement to 73,000¹⁸ villages in 5,300 subdistricts at the start of the transition to the Village Law. PNPM facilitators are expected to be in place in 2015 to assist villages with training, planning, budgeting, and project implementation and accounting for funds, both Dana Desa and ADD.

¹⁸ Including 5,260 villages located in municipalities and now under the PNPM Perkotaan program.

A man in a striped shirt and green shorts is pushing a wheelbarrow with a blue barrel in a rural setting. The background shows tall grass and a blue sky.

5

.....

Transition
Under UU Desa

The Village Law espouses principles conducive to PNPM mechanisms' integration with village governance. It explicitly states that

- Village governance should be based on transparency, accountability, and participation (Article 24);
- The village head should coordinate village development in a participatory manner, apply principles of gender equity, and ensure transparent and accountable governance (Article 26); and
- The whole village community should be involved in development planning, implementation, and monitoring (Articles 80–82).

The law, however, sets out only broad principles, and much is left to be specified in derivative legislation, in the form of government regulations and ministerial guidelines. The entire legal framework within which PNPM will transition to national policy is not yet complete; at the time of writing, two PPs had been passed—PP 43/2014 *tentang Desa* (Government Regulation on Villages or PP Desa) and PP 60/2014 *tentang Dana Desa* (Government Regulation on Village Funds or PP Dana Desa)—and related ministerial guidelines were under way.

The next section first provides background on drafting of existing regulations, setting the context for contradictions evident to date that are described thereafter. These inconsistencies will colour the initial transition to the Village Law, which have significant implications for the transfer of PNPM mechanisms, principles, and 'good practices' to the implementation of the law.

Development of the Village Law and Derivative Regulations

Two perspectives on village governance have struggled to dominate throughout the various stages of the Village Law's formulation, each of which has prevailed at different points. These two perspectives can be simplified as (1) that which favours continued control by higher levels of government of village affairs (pro-government control) and (2) that which promotes villages' self-government (pro-village autonomy).¹⁹ Those holding to the state-centred perspective prefer uniformity, familiarity, and suppression of conflict through continued state dominance of village governance (Antlöv 2003; Evers 2000). Notably, proponents of this perspective are not necessarily pushing for recentralisation—as regional governments are the main state institutions they see as exercising control—but

¹⁹ The discussion of the Village Law's development draws extensively on Muslim and Wetterberg (2014).

rather are reluctant to abdicate power over village decision-making and governance processes to very local levels and actors, reserving it for administrative and elected leaders sanctioned by the central state.

In contrast, proponents of village autonomy believe that the law should shift power over village governance to residents. In essence, the village should be the *subject* of development, rather than the object, as it is perceived in the pro-government control perspective (TNP2K 2014a). Based on the principle of subsidiarity, villagers are seen as best placed to identify and address priority problems, as well as capable of contributing to and regulating local officials' work to ensure that it is in the interest of the broader community. The law should therefore be structured to support such efforts (Antlöv and Eko 2012).

The debate between the two perspectives comes down to whom the village head and village government are beholden: the residents of the village or local government officials. Notably, studies of village governance during the past decade have suggested that village heads have become increasingly powerful, as villagers' control of them has been weakened in relevant laws (Table 4), but district governments have failed to carry out their monitoring responsibilities (Wetterberg, Dharmawan, and Jellema 2013; Wollenberg 2009). In effect, village heads are rarely accountable to either local government or the village community.



Table 4. Roles of State and Community Actors as Specified in Major Legislation, 1979–2014

Role in Village Governance	UU 5/1979	UU 22/1999	UU 32/2004 & PP 72/2005	UU 6/2014
Village head (VH)	<ul style="list-style-type: none"> Directly elected; appointed by and accountable to district Maximum terms: 2 x 8 years 	<ul style="list-style-type: none"> Directly elected; appointed by and accountable to BPD (after approval by district) Maximum terms: 2 x 5 years 	<ul style="list-style-type: none"> Directly elected; approved by and accountable to district Maximum terms: 2 x 6 years 	<ul style="list-style-type: none"> Directly elected; approved by and accountable to district Added accountability to BPD and <i>musdes</i> Maximum terms: 3 x 6 years
Village council	<ul style="list-style-type: none"> Appointed <i>Lembaga Musyawarah Desa</i> (LMD) as VH partner 	<ul style="list-style-type: none"> Directly elected village representative body (<i>Badan Perwakilan Desa</i>) as separate entity 	<ul style="list-style-type: none"> Appointed village consultative body (<i>Badan Permusyawaratan Desa</i>) as separate entity 	<ul style="list-style-type: none"> 'Democratically selected' BPD Musdes involving entire community for specific stages of development planning and implementation
Village legislation	<ul style="list-style-type: none"> Drafted by VH and LMD, approved by <i>subdistrict</i> 	<ul style="list-style-type: none"> Drafted and approved by VH and BPD 	<ul style="list-style-type: none"> Drafted by VH in consultation with BPD, approved by district 	<ul style="list-style-type: none"> Drafted by VH in consultation with BPD, approved by district
Community organisations	<ul style="list-style-type: none"> Only state-based organisations 	<ul style="list-style-type: none"> Democratisation, involving many new community- and mass-based organisations 	<ul style="list-style-type: none"> State organisations specified 	<ul style="list-style-type: none"> Increased associational freedom; no prescribed organisations

Source: Adapted from Antlöv, Dharmawan, and Wetterberg (forthcoming).

The political context has varied at each stage of formulating and defining the UU Desa and accompanying regulations. The variation is due to differences in the mandated processes and conventions—as well as allies available to the main actors—associated with each stage and to external political events that happened to coincide with a particular stage. As a result, different sets of actors have dominated the formulation of law at each stage.

During the 2007 drafting of the concept note (*naskah akademis*), the first stage of the Village Law's development, the pro-village autonomy perspective dominated. The drafting process, chaired by the Director General of Village and Community Empowerment (MoHA), was quite open to input from nonstate actors, such as civil society and development organisations, and citizens through public consultations.

In contrast to the concept note, the government draft of the law reflected the pro-government control perspective. This stage (2007–11) was also relatively more closed to contributions from citizens and nongovernmental experts than the preceding stage had been. Civil society representatives were formally included on the expert team, however, and were given opportunities to contribute research-based knowledge during consultations. These experts drew, in particular, on a set of studies to test empowerment approaches in 20 marginalised districts²⁰ and, at later stages, also channelled information and research on PNPM into the process.

The actual writing of the draft law was reserved for government actors, however, who relied on their own practice-informed knowledge. Civil society actors and legislators did play a role in moving the law to the next stage (2012–13), as they worked together to pressure the responsible government actors to send the complete draft to the DPR.

In the legislative committee responsible for writing the law (*Panitia Susunan*), the pro-village autonomy camp again dominated, as the majority of the leadership held to these views. The committee called on the expert team as well as other academics for input and provided for citizen consultations. At this stage, direct transfer of funds to villages from the Annual National Budget (*Anggaran Pendapatan dan Belanja Nasional*) caused substantial discussion on the grounds that such mechanisms lacked support in the Indonesian legal system. Direct transfers of block grants, however, have been integral to PNPM's functioning.

In 2013 political pressure to pass the Village Law mounted. Once there was agreement between the DPR and government on the transfer of the Annual National Budget to villages, there was increased interest from candidates standing for both legislative and Presidential elections in 2014. The Indonesian President was also committed to a rapid completion of the drafting process, announcing on December 2013, before the law was passed, that he would sign it as soon as

²⁰ These experiences were collected in a series of books (among them Dwipayana and Eko 2003; Hudayana, Habirono, and Kabalmay 2007; Sahdan and Iswari 2007; Westy et al. 2008).

possible. The law was passed later the same day. During the 2014 campaign season, candidates from almost all parties claimed a role in passage of the law and in the sharply increased allocation of funds for villages.

The passage of the Village Law marked an important shift on how Indonesian rural communities would be governed. Parallel to specific mechanisms conducive to facilitating PNPM's transition, the law introduced a general rebalancing of power at the village level. The village head's position became increasingly more powerful with legal changes during the 2000s (Wetterberg, Dharmawan, and Jellema 2013; Wollenberg 2009) (table 4). Although there had been a radical shift towards democratic and community-led governance with UU 22/1999, revisions to the decentralisation laws in 2004 and 2005 returned more control to the village head, in large part by weakening the directly elected, village representative body or *Badan Perwakilan Desa* (which became an appointed, consultative *Badan Permasyarakatan Desa*). The 2014 Village Law instituted new checks and balances on the village head, placing more control in the hands of the community generally and particularly in the BPD.



In March 2014, attention to the law's implementation increased further, when the President set a foreshortened deadline for the drafting of government regulations. Although the law itself specified two years for PP drafting, the President announced on March 24 that PPs would be completed by the end of May 2014 so that fund transfers would flow before the end of the year. Responsible bureaucrats thus faced a combination of time and political pressures, as well as high expectations from villagers across the Indonesian archipelago, to complete the PP drafting process.

Two PPs were drafted after the President's call for swift action. Drafting of PP Desa was the primary responsibility of MoHA's Directorate General of Village and Community Empowerment. Drafting of PP *Dana Desa* was led by the Ministry of Finance.

The PP Desa, once again, introduced a pro-government control perspective on village governance, shifting some of the substance away from the pro-autonomy spirit of the Village Law. These changes contradicted the principles and mechanisms specified in the law, and several will impede PNPM's transition to national policy. The PP Dana Desa is primarily focused on supra-village level processes and therefore does not directly conflict with CDD principles. It does, however, represent a missed opportunity to strengthen monitoring and upward accountability for use of funds (see section F).

Challenges in Legal Framework for Incorporating PNPM Mechanisms

The PP Desa provides strong grounding for certain critical mechanisms for transitioning CDD principles under the Village Law. For example, the PP Desa provides a fair amount of supporting detail on facilitation. The regulation stipulates a tiered system, based on need, to empower village communities (Article 128). Village facilitators are provided by village government, while other facilitators can be provided by central, provincial, or district/municipality governments (Article 130). District working units (*Satuan Kerja Perangkat Daerah*) provide technical facilitation—and coordination through the districts—assisted by professional facilitators, village facilitators, and third parties. Professional facilitators focus on village facilitation (governance, intervillage cooperation, and local development), technical programmes, and empowerment (Article 129). Facilitators need certification and qualification in economic, social, cultural, and technical skills. Village facilitators are chosen through community consultation (*musyawarah*) and are responsible for encouraging community initiative, participation, and mutual self-help (Article 129).

However, there are also a number of stipulations that conflict with CDD principles and mechanisms. Some of these inconsistencies are described below, linked with each of the three primary CDD principles: participation, transparency, and accountability. In many cases, clarifying these contradictions to align them with CDD principles could substantially strengthen prospects for an effective transition from PNPM programme mechanisms to national policy.

Participation and Accountability: Village Deliberations

Village deliberations (*musdes*) figure prominently in the Village Law as a means of involving the community to consider strategic matters in village government (Article 54). Outcomes of these deliberations should be referenced by village government in the execution of their duties (clarification to Article 54). The *musdes* are akin to the village and intervillage meetings in PNPM, which are critical to ensuring inclusive participation, information sharing, and accountability (see section B).

There are several distinctions, however, between the treatment of the general *musdes* and specific development planning meetings (*musyawarah perencanaan pembangunan desa*) introduced in the PP Desa that muddle the degree to which community members are involved and increase the level of village government control of the process. There are specific categories of community members stipulated for involvement in the *musdes* (different types of community leaders, representatives of different occupational categories, women, the poor, and others as needed; see Article 80). No such specifications are provided for the development planning deliberations. If development planning is not explicitly open to the wider village community and the participation of women and poor villagers encouraged, decision-making will likely be limited to a small group with ties to village government. PNPM experience demonstrated the importance of insisting on village meetings that are open to participation by all villagers (including women) and abiding by local rules on quorum.

The responsibilities for organising the general *musdes* and the development planning deliberations also differ in the PP Desa. The former is organised by the BPD (Article 80), whereas the village government organises the planning meeting (Article 116). Although these shifts may seem minor on paper, they favour the village government's control of the community's for village planning. The result could be that planning under the Village Law more closely resembles the less participatory and accountable *musrenbang* process than PNPM's planning mechanisms.

Participation: Implementation of Development Activities

The level of participation in implementing community development activities is also questionable in the PP Desa. The Village Law maximises participation by specifying that the entire village community should be involved in implementing development according Village Government Work Plan (*Rencana Kerja Pemerintah* or RKP) (Article 81). In contrast, the PP Desa adds very little detail on how villages should implement projects and in fact states (Article 121) that development should be coordinated by the village head but carried out by village officials and/or elements of the community (rather than extending to the entire community as indicated in the law). Implementation should consider gender, prioritise benefits for natural and human resources in the village, and use self-help and mutual aid (*swadaya dan gotong royong masyarakat*) (Article 121), but it is not clear how these aspects should be incorporated. In addition, no mention is made of poor households, who have been primary beneficiaries of involvement in PNPM project implementation.



Participation: Community Institutions

PNPM has encouraged working with available community institutions on the premise that established patterns of trust and norms of behaviour will lead to better outcomes than creating new structures (Woolcock 1998). The Village Law incorporates similar principles, specifying that existing community institutions should be used to govern, develop, and empower the community, even for activities originating outside the village, such as programmes from higher levels of government and from non governmental organisations (Article 94).

The PP Desa elaborates on community institutions, underscoring their role in empowering community, planning and implementing development, improving services, channelling community aspirations, developing unity, and improving the quality of village government. Village and regional governments, as well as nongovernmental actors must empower and rely on existing organisations in development activities (Articles 150 and 151). One concern about the specifications in the PP Desa, however, is that they require community organisations to be formed on the initiative of the village government, together with the community (Article 150, point 1) and to be formalised by village regulation (Article 150, point 4). These requirements give the village government power to define legitimate organisations, which could be used to limit both existing and new community institutions' channelling of community aspirations, efforts to improve quality of village government, and participation in planning, supervising, and implementing development activities. Rather than empowering community organisations as a counterbalance to the strong village head and village government, the PP Desa makes them depend on village government.²¹

There are indications that organisational life at the village level is weakening overall and that community organisations, in particular, are losing ground to government-sponsored groups (Wetterberg, Dharmawan, and Jellema 2013). If implemented as written, the PP Desa could further undermine community organisations without explicit state sponsorship, contributing to a decline in a long history of diverse and vibrant organisational life in Indonesia.

Participation: RPJM-Des Drafting

The Village Law clearly intends for the participatory development of both annual and medium-term village plans. Article 80 specifies that village development planning should involve the village community through village consultations

(*musdes*) and assess community needs. In contrast, the PP Desa is contradictory on the community's role in village planning. Although it states that the village government must hold a participatory village consultation to draft the RPJM-Desa and RKP-Desa (PP Article 116, point 1), there is strong emphasis on the village head's leadership in these processes. At a minimum, the RPJM-Des should translate the vision and mission of the elected village head (Article 116, point 4). Furthermore, Article 117 states that the content of the RPJM-Des changes when a new village head is elected, suggesting that the village head's priorities override those of the community. If implemented as written, these regulations give more weight to village government than to community contributions to village planning.

Transparency: Village Head Reporting

Requirements for the village head to publicly report on village governance have been weakened in the PP Desa. The Village Law specifies that the village head must report in writing on the past year's village governance to the mayor, the BPD, and to the village community (Article 27²²). The PP Desa clarifies that the mayor gets a full report (including governance, development, community guidance, and community empowerment), whereas the BPD report only requires information on implementation of village regulations (Articles 49 and 51). Furthermore, it does not clarify information sharing with the community, other than specifying written information shared through accessible media, such as information boards and community radio (Article 52).

As described in section C, PNPM's transparency mechanisms outside of village/ intervillage meetings (primarily through information boards) have not been particularly effective. It is therefore imperative to at least preserve, if not strengthen, information-sharing mechanisms for the transition to the Village Law.

Transparency: Community Monitoring

Furthermore, community members' rights to ask for and receive information regarding village governance is stronger in the Village Law than in the PP Desa. The law stipulates that the community can solicit and receive information from the

²¹ Consistent with prior regulation (table 4).

²² Specifications for the type of information reported varies: governance implementation reports to district, report clarifying governance information to BPD, and information regarding governance to village community.

village government, as well as oversee activities related to governance, development implementation, guidance, and community empowerment (Article 68). In addition, a specific article addresses the right to monitor development plans and activities (Article 82). The same article also obligates village government to report on planning and implementation of the RPJM-Des and Village Budget (*Anggaran Pendapatan dan Belanja Desa* or APB-Des) at least annually through the *musdes*.

The PP Desa provides no more details on villagers' rights to monitor, pointing only to the village head's responsibility to inform villagers about governance implementation in writing and through easily accessible media (Article 52). Villagers should also participate in *musdes* to hear 'development implementers' report to the village head (Article 121). There is, however, no overall report to villagers from the village government regarding implementation of the RKP and use of APB-Des.



Transparency: Monitoring by Districts

The Village Law specifies a Village Information System (*Sistem Informasi Desa*) developed by the district government (Article 86). The system should include information related to village and rural area development. Village government should manage the system, which should be accessible to the community and other stakeholders. Although sparingly described in the law, this system could be an opportunity to improve monitoring at the local level and continue the supervision efforts that have been important to ensuring PNPM's positive outcomes (see section C). As noted, the PNPM scale-up has made centralised monitoring increasingly unwieldy, causing delays and a growing backlog of cases to investigate. The stipulated responsibilities of the district government are therefore a step in the right direction, although ensuring that information is analysed and acted on will be an additional challenge, given that ensuring that decentralised monitoring takes place, especially in remote areas, has been a noted problem for PNPM (PNPM Support Facility 2014b).

However, no further detail is provided in the PP Desa to strengthen the role of districts in collecting data on village governance and development. The PP Desa does point to the districts as responsible for guiding and supervising the village but specifies no monitoring duties (Article 154).

Accountability and Participation: BPD Selection and Functions

Regulations specifying the structure, powers, and selection of the BPD will be critical to integrating CDD principles in village governance. The Village Law and associated legislation consistently state that the BPD will be chosen democratically, which is an important shift towards re-establishing the body's independence from the village head (table 4). Furthermore, the BPD's functions include overseeing and soliciting information from the village government, proposing draft village regulations, channelling community aspirations, and hewing to democratic principles and gender equity (Articles 55 and 61–63). The BPD will also play an important role in village planning, as the organiser of the *musdes*.²³

The specific selection of BPD members differs, however, between the law and the PP, which affects which community members' voices will be heard through the BPD. The Village Law specifies that BPD members should be representatives of village residents based on territorial representation, chosen democratically (Article 56). Although this wording is somewhat unclear on whether members should be

²³ Although this responsibility is muddled in the PP Desa (see above).

directly elected or not, it is certain that they should represent the full geographic scope of the village, which is important for ensuring that remote hamlets or parts of the village with high concentrations of poor households or marginalised groups are represented in the BPD.

The PP Desa states that the BPD may be filled either by direct election or by representative deliberations (Article 72). The reference to territorial representation is missing; instead, the supporting legislation guarantees women's participation if BPD members are selected through representative consultations (rather than direct election) (Article 72, point 1). The specific mechanisms for choosing BPD members are left up to districts to determine (Article 72), and the PP Desa states that further detail (about duties, functions, responsibilities, selection, etc.) will be clarified through ministerial regulations (Article 79). These specific details will be critical to both determining the accountability role that the BPD can play in the village and the extent to which the body can ensure that village planning is representative and inclusive.

Accountability: Funds Transfers

Compared with PNPM practices, the PP Desa provides weak accountability for funds transfers. Releases of funds in PNPM requires signatures from community members and the subdistrict facilitator. The PP Desa instead allows funds to flow with signatures from only the village head and treasurer, both representatives of village government (Article 92), reducing both transparency and accountability in funds management.

The PP Dana Desa does stipulate sanctions through funds reductions for improper budget surpluses. Problematic surpluses are defined as funds used outside of priorities—presumably governance, development, community guidance, and empowerment—or retained too long in village accounts (Article 27). These stipulations are a step in the right direction in that they require attention to how villages are using funds. The government should use these mechanisms to ensure that funds are not only expended on time but for community priorities.

Another improvement to consider for subsequent guidelines is to tie staged funds transfers (Article 16) to village-level accountability reports. For PNPM, transfers are conditional on satisfactory progress on project implementation, reported by implementers (activity management team) to the community. The PP Desa stipulates such accountability meetings (Article 121) could be required as a condition for second and third transfers, but this connection needs to be made explicit.



6

.....

Recommendations for
Integration of CDD
Principles in
the Transition
to the Village Law

In the rush to start implementation of the Village Law in 2015, much attention has, by necessity, focused on identifying funds to redirect to block grants, issuing regulations required for transfers and management of village finances and assets, and defining central and regional governments' roles in rural area development. There has also been some emphasis on providing facilitation and planning mechanisms to enable transfers but less on ensuring that the CDD principles underlying the law and PNPM function effectively.

Thus, the recommendations outlined below focus on ensuring basic principles to safeguard PNPM's strengths and reduce the associated risks that could jeopardise their transition to regular government processes under the Village Law. The documented lack of transfer of governance principles—beyond PNPM to regular government processes—in both rural and urban areas (see section C) demonstrates the challenge of transitioning from project principles to national policy. Exacerbating the transition will be the nationwide scope, larger village funds, and concentration of power in the village head, which could result in local resistance to legal changes.



Given these obstacles, the initial focus should be on preserving PNPM's achievements, rather than improving on them. Even during a carefully staged transition, policy tools are likely to be less exact than programmes. In the short time planned for the Village Law transition (2015–16), it is therefore imperative to provide clear policy guidance on basic principles—rather than experimenting with new approaches or leaving principles open to local interpretation—and complementing such guidance with supporting activities, such as training, workshops, and manuals. Once basic principles and processes have been firmly established and broadly understood, there will be opportunities to (1) adapt policies or tailor them locally in ways that build on PNPM's achievements; (2) more effectively address poverty, inclusive governance, and regional development; and (3) correspond to varying capacities of local governments.

Based on the lessons learned from PNPM implementation, the recommendations are oriented towards three objectives central to institutionalising CDD in Indonesia. These objectives relate to establishing PNPM-like principles in every village; reaching the poor; and continuously learning and adapting to ensure the first two objectives are met, discussed as follows:

Establishing PNPM-like principles. Inclusive and accountable governance should be institutionalised in all villages. PNPM's governance mechanisms have had documented impact on rural poverty, so they need to be effectively disseminated through a combination of policies and programmatic support from central and regional governments (Voss 2012). Furthermore, better-quality infrastructure and higher levels of community satisfaction result from these processes than from existing government planning, arguing for their universal adoption for economic and political reasons. However, as PNPM had not yet fully adjusted to being a national programme before the Village Law was passed, expanding principles to every village will by no means be automatic. Potential obstacles to institutionalising participation and social accountability include lack of deep familiarity and experience with planning and implementing village projects according to CDD principles; confusion about processes due to proliferation of CDD programmes; lack of diffusion to regular government processes; and resistance from the village head. To facilitate broad improvements in governance and minimise obstacles, every attempt should be made to make the transition as straightforward as possible.

Reaching the poor. Focus on poverty impact of improved governance. Poverty is secondary to governance, not because it is less important but because it has been a consequence of the processes established through PNPM. During the transition period, dedicate additional resources to ensuring that governance mechanisms

are working as expected in the poorest villages and regions where PNPM has had the biggest impact on poverty (Olken, Nishi, and Wong 2011; Voss 2012). Given the likely shortage of competent, certified facilitators, the best ones should be provided appropriate incentives to move to poor areas to promote adoption of inclusive and accountable governance. Furthermore, in poor areas where physical distances complicate participation and transportation (for example, Papua, Kalimantan, and parts of Sumatera), prepare for longer planning and implementation cycles and expect that cycles will overlap (see below).

Continuously learning and adapting. After the transition period, if monitoring results indicate that participation and accountability have proven generally viable in regular planning processes, study possible adjustments to community-level processes to improve outcomes for poor residents in all areas. For example, if poor community members are not participating and benefitting proportionally, consider alternative mechanisms to ensure that the priorities of poor community members are reflected in development choices. Olken (2010) shows that voting on priority projects may better channel community needs than direct engagement in planning and implementation. However, such mechanisms trade off increased input against community members' awareness of activities, and direct opportunities for accountability. PNPM Urban has found that poor residents sometimes stop voting to identify priorities because they feel their voices are not reflected in outcomes (RAND 2011). Regional governments and nongovernment actors should play a large role in designing experiments and policies to tailor approaches to local conditions. Throughout the transition and afterwards, the government should continue to support poor and marginalised citizens through targeted social and economic programmes (such as cash transfers, scholarships, and health subsidies).

Furthermore, build in multiple processes for continuous learning and adjustment. Investments in monitoring, experimentation, and learning and translating findings into changes in programme procedures have allowed the PNPM programmes to develop and adapt over time, even given major shifts in Indonesia's political and economic environment. Furthermore, PNPM's extensive internal and external monitoring has been critical to complementing communities' accountability efforts. Understanding differences in how the transition to the Village Law is progressing in different political, economic, and social contexts will be instrumental to ensuring that its objectives are achieved. The law itself specifies an information system. Data consolidation is under way through (1) village profiles (by MoHA); (2) social protection data collection (Data Collection for Social Protection Programmes or *Pendataan Program Perlindungan Sosial*) and Regional Poverty Index (both by TNP2K); and (3) survey of village potential (PODES) and a village development

index (by Bappenas). In addition, monitoring of processes (in addition to outcomes), investigations of bottlenecks, and research on specific emerging topics and exploration of alternative models will be required. The agencies or ministries leading such efforts must be positioned to undertake research as needed and translate findings into policy change, as relevant. To ensure that these efforts are functioning across different government entities and levels, it is recommended that a central unit lead and coordinate the management of the transition and implementation of the new Village Law, building on the PNPM Support Facility model. A clear candidate for this role is TNP2K, given its leadership of the PNPM Roadmap (section D) and national poverty agenda, as well as direct link to policymakers (Box 3).



Ensuring That Regulations Support Inclusive and Accountable Governance

Given the lack of spillovers to government planning processes and possible confusion with other programmes' processes, there is a need to clarify to villagers that PNPM mechanisms are now transferred to village-level planning and development processes. The prospect of guaranteed and substantial funds should motivate participation, as the lengthy delays in funding through *musrenbang* processes have discouraged involvement from community members (Dharmawan, Nugraheni, and Dewayanti 2014; Pieroelie 2012; Wetterberg, Dharmawan, and Jellema 2013). To ensure that participation is as representative and inclusive as possible, it is particularly important to emphasise institutional mechanisms, rather than shifting even greater burdens onto scarce and overworked facilitators. Facilitators have been critical to PNPM's achievements but have been increasingly stretched with the programme's scale-up and heavier administrative burdens. Defining roles, rules, and responsibilities in regulation that align with PNPM's mechanisms for participation, transparency, and accountability will support facilitators and help to streamline their duties. A concerted effort is needed to reduce and limit administrative tasks of community facilitators.

Most immediately, responsible government agencies must clarify contradictions in legislation and guidance documents deriving from the UU Desa to encourage participation and avoid domination by village government. Given that PNPM has been designated as the instrument to support the transition to the Village Law, contradictions should be resolved in ways that align with the programme's principles. After all required legislation has been completed, there should be a review of the supporting legislation to ensure consistency internally and with processes introduced through PNPM and now familiar in most villages across Indonesia.

Drawing on Section E, important legal aspects to clarify include the following:

- **Responsibility for *musdes***, empowering the BPD to organise and run community meetings for planning and accountability reporting (as specified in the UU Desa).
- **Eligibility to participate in, make, and approve proposals for *musdes*** planning meetings, with specific categories and quotas for women²⁴ and the poor.

²⁴ PNPM Rural specifies that at least 40% of participants at planning meetings should be women and two of three village proposals should come from women.

- **Participation in project implementation, which should be open to the entire community (as specified in the UU Desa) but privilege participation of poor villagers.** Direct participation in carrying out village projects has been important both for channelling benefits to poor households (in the form of wages) and as a means of ensuring the community's awareness of project processes, thereby encouraging transparency.
- **Village head's responsibility for reporting to the community on funds use and work plan programme implementation,** which needs to include both easily accessible media (as specified in the PP) and reporting back in a public meeting (as specified in the UU) to improve transparency and opportunities for direct accountability. PNPM intervillage meetings have required a sharing of information outside the community, adding a layer of external scrutiny to village accountability meetings. Under the Village Law, this intervillage transparency is eliminated and risks of elite capture will rise because funds go directly to villages, without discussion of allocations at the subdistrict level. With direct transfers of (more substantial) funds to villages, PNPM mechanisms should be preserved and preferably strengthened and/or augmented. Under no circumstances should transparency and accountability mechanisms be weakened. In this vein, the village head's required reporting to the BPD should also be strengthened to include full financial and implementation reports. In addition, districts' monitoring of budgets and implementation—especially by districts, as provided for in the UU and PP Desa—must be enforced (see below).
- **Existing community organisations central to development planning and implementation (as specified in the UU Desa) should not be limited to groups with village government's legal recognition.** Such requirements could restrict participation in village planning and projects to organisations legitimated by the village government, reducing both transparency and accountability.

Clarifying the above contradictions will contribute to inclusive participation and accountable development planning and implementation. However, with participation declining as PNPM has expanded and the ever-heavier burdens on facilitators, there is a concern that maximum participation will not consistently be achieved. Although broad participation remains the goal, mechanisms for inclusive but delegated representation should be simultaneously strengthened.²⁵

With well-balanced delegated representation, decision-making elites include a broader range of actors. Studies of PNPM Urban have demonstrated that elite control—in which a diverse set of elites are the primary participants in decision-making—does widen the scope of benefits for community members relative to elite capture, in which a small number of homogenous individuals with common interests make decisions (Alatas et al. 2013; Dasgupta and Beard 2007; Fritzen 2007; see also, Lund and Saito-Jensen 2013). For example, broad representation would include leaders from different subvillages, ethnic groups, occupational categories, religious persuasions, etc. Although collusion and monopolised benefits are not ruled out, they are less likely among a heterogeneous set of elites.

The BPD has the potential to provide an institutional mechanism for delegated community representation, as well as means for holding village government accountable. Under prior legislation, the BPD was appointed by the village head,



²⁵ PNPM Urban already relies on delegated representation for programme choices (RAND 2011).

which generally limited participation to a single set of elites with close allegiances to the head (table 4). New legislation defining the council and its activities needs to be strengthened, however, to ensure that its members represent different groups within the village. In particular, the election of BPD members must be clarified. Research argues for direct election as a means of assuring a broad range of elites (Fritzen 2007), but the PP Desa also allows for democratic selection using representative consultations (*musyawarah perwakilan*) (Article 72). Whichever mechanism is chosen, every effort should be made to ensure territorial representation (as specified in the UU) and that selection is as fair and free of interference as possible. Rigorous election mechanisms will also help to ensure that the BPD acts as an independent counterweight to the village head's extensive powers. As the BPD organises the musdes, the council's independence is critical to making sure that planning processes are not solely within the village government's control but reflect community priorities.

The PP Desa specifies that BPD members' selection should ensure women's representation (Article 72). Although elaboration of these principles could only specify women's involvement in selection, PNPM experience suggests that stronger measures are needed to reflect women's priorities. As noted in section C, women have participated in PNPM processes in high numbers but have not had proportional influence on decisions. To overcome barriers to participation in village governance, women's leadership and participation in decision-making should be ensured by reserving a percentage of elected BPD seats for women.²⁶ Quotas are not an instantaneous remedy to long-standing gender stereotyping and patterns of discrimination.²⁷ However, experience in other countries has shown that quotas can help ensure an equitable representation of views in village decisions and, over time, are likely to result in female leaders with political experience who can be elected outside the reserved seats (Ban and Rao 2008; Clots-Figueras 2011; Tadros 2010). Furthermore, institutional mechanisms to encourage women's participation in direct democratic decision-making have been shown to result in more equitable development outcomes (Gibson 2012).

To complement required BPD seats for women, PNPM's prescribed procedures for women's participation should continue, as they have been shown to have

²⁶ BPD members are required to have achieved at least junior secondary education (UU Article 37). This requirement may need to be relaxed for women's BPD seats.

²⁷ Similar quotas in Indonesia's national and local parliaments have had mixed results (Bessell 2004; Davies and Idrus 2011), but extrapolations from these experiences to the village level should be made with caution. First, parliamentary outcomes reflect intense political party competition and complex election procedures (such as closed vs. open lists), neither of which are factors at the village level. Second, parliamentary quotas have been for each party's *candidates*, resulting in many women assigned by their parties to run in jurisdictions where they have little chance of winning (Davies and Idrus 2011). In contrast, BPD *positions* should be reserved for women. Third, parliamentary quotas have not been enforced and parties have faced few sanctions for failing to meet them, underscoring the necessity of real consequences for villages that do not fill women's seats.

a consistent impact on women's representation and inclusion in village development (Joint Donor and Government Mission 2007). Guidelines for UU Desa implementation should include quotas for women's participation in village meetings and dedicated planning meetings to generate women's priorities.

A challenge in relying on the BPD to broaden planning perspectives and to hold village government accountable is that BPDs currently in office will reflect the legislation under which they were elected. Although they serve out their terms, it is important that they are made aware of their new responsibilities under the Village Law. Until independent BPDs are selected, accountability mechanisms from outside the village will be especially important, in particular monitoring of governance processes and associated rewards or sanctions from higher levels of government.

Government Actors' Roles in Institutionalising Governance Principles

As pointed out in section C, PNPM has relied on an extensive monitoring system, involving MIS, audits, complaints mechanisms, civil society monitoring, and supervision visits by project staff, as well as government officials. With the national scale-up, however, some of these systems have been overwhelmed, resulting in delayed responses to problems. These bottlenecks will be exacerbated with the shift to the Village Law, both because of the expanded scope and the shifts in responsibilities among government agencies and to regional governments. It is recommended that a thorough feasibility study be undertaken of the existing PNPM monitoring mechanisms and an inventory prior and planned government systems to assess strengths and weaknesses and assign responsibilities across agencies and levels of government.

A ready institutional accountability mechanism is to build checks, rewards, and sanctions for compliance with CDD principles into regulations deriving from the Village Law and PP Dana Desa. The PP Dana Desa specifies mechanisms for sanctioning late or missed reports on funds (Article 25), which result in delays of subsequent transfers. The central government will monitor and evaluate transfers based on district regulations, actual transfers, fulfilment of reporting requirements, budget surpluses, district calculations, and funds use (Articles 25–27). Furthermore, the Village Law states that districts that do not provide stipulated ADD will face reductions and/or delays in central government transfers (Article 72). These requirements should be built upon to encourage village and district governments to pay attention to quality of reporting, as well as the extent

to which funds use reflect community priorities. Criteria related to the use of funds could be matched with RPJM-Des, BPD verification of citizen input to the planning process, and certification that implementers have accounted for funds in a community forum. To encourage adoption of participatory and accountable development processes, transfers should not be automatic and amounts preset, but should vary depending on what villagers show they can manage. Villages that demonstrate they can effectively use funds for community priorities could earn a larger allocation for the subsequent year, whereas villages that have difficulties—either because of actual misuse of funds or because they are still building capacity to plan and implement subprojects according to CDD principles—would not receive an increase. These kinds of conditional village grants have been successfully used in PNPM Generasi (Olken, Onishi, and Wong 2012) and there is some history of successful performance-based transfers in other Indonesian programmes (Brinkerhoff and Wetterberg 2013). However, existing challenges with



intergovernmental transfers would have to be addressed for them to function effectively (Lewis and Smoke 2011). Different models for performance-based rewards and sanctions should be piloted to ensure that low-capacity villages/districts are not penalised or overwhelmed and to curtail discretionary use of village funds by higher levels of government.

Given their explicit links to community planning in the UU Desa, districts have the greatest potential for monitoring that village governance processes align with the law's principles. District administration may actually be simplified with the law's implementation, as PNPM subdistricts and villages will no longer need to be treated differently (Friedman 2014). In addition to instituting similar conditions on future funds transfers as the central government (see above), districts should initiate more proactive monitoring. Both the UU Desa (Article 69) and the PP Desa (Articles 101, 103, and 104) provide clear guidelines for districts to evaluate draft village budgets (APB-Des). The PP further specifies twice yearly reports on funds use, in addition to financial data integrated with the year-end village governance report. Districts must collect, review, and respond to these documents to ensure that funds are used according to community priorities and the law's principles. Higher levels of government may need to enforce these mechanisms with performance-based monitoring and incentives (for instance, using the model of delaying central transfers in cases of noncompliance, as specified for ADD in PP Dana Desa's Article 72).

It is especially important for districts to continue PNPM's high rates of audit (at around 20%), which have been shown to be an important complement to community accountability mechanisms for deterring corruption (Olken 2007). The balance of responsibilities between central and district governments for monitoring and rewards/sanctions must be carefully considered. With 73,000 villages, central control is not viable. However, district governments have a poor track record of monitoring funds use (Wetterberg, Dharmawan, and Jellema 2013). When they do monitor, they tend to focus on fulfilment of targets rather than outcomes (Mimba, van Helden, and Tillema 2013). Central actors must therefore provide substantial assistance in setting up and backstopping district monitoring systems, as well as enforcing their use.

In addition, districts should explore mechanisms for villagers to channel complaints and ensure that they receive responses. PNPM's own complaints processes have suffered from slow response times, which had deterred communities from using them. Studies of PNPM and other community-level programmes show, however, that villagers are willing to communicate problems when they can do

so safely and that there are ongoing gains to the sustainability of local investments if officials respond effectively (Gaduh 2010; Olken 2007; Wetterberg, Hertz, and Brinkerhoff, forthcoming). To respond, however, providers must understand complaints as a means of improving services, rather than personal attacks on their performance. Overcoming such attitudes requires real incentives for responsiveness from higher levels of government.

At all levels, the transition to the Village Law will have to contend with adherence to the pro-government control perspective that has coloured critical stages of the law's drafting (see section E). For implementation, this perspective may be most problematic at district levels, as monitoring, complaints response, coordination between planning processes, and even identifying community infrastructure projects in need of maintenance (see section C) require a perspective that takes community priorities, rather than the government, as its starting point. Definitions of roles and responsibilities as well as incentives that support such a shift should be written into regulations related to implementation of laws on regional governments (UU *Pemerintah Daerah* and civil service reforms (UU *Administrasi Sipil Negara*)).

Throughout the KDP/PNPM Rural, the subdistrict has been the site of intervillage meetings, as well as institutions involved in the programme's functioning (UPK, BKAD, etc.). The subdistrict is also assigned a number of functions in the Village Law and accompanying legislation. The PP *Desa* delineates the district's responsibilities for guiding and supervising villages, which include not only facilitating drafting of legislation, administration and governance, financial management and assets, monitoring village officials and the BPD, and conflict resolution, but also participatory development planning, synchronisation with high-level planning, and coordinating facilitation (Articles 101, 128, 148, and 154). Districts may also delegate review of draft village budgets to districts (Article 101). Relying on subdistrict officials' familiarity with PNPM processes to perpetuate CDD principles is a positive development. However, specific monitoring responsibilities, sanctions, and rewards need to be further clarified, as well as supervision of and support to the subdistricts provided by other district agencies. In particular, guidelines are needed on how the district will balance involvement in village governance and development with monitoring of the same activities. Districts are uniquely positioned to improve on PNPM's low rates of direct regional supervision, given their geographic proximity to villages. If they are also responsible for facilitating villages' activities, however, they cannot as easily objectively observe and report on them.

Village governments may not welcome the extension of CDD principles into development planning processes. Although the opportunity to manage substantially larger funds is likely attractive, strengthened mechanisms for participation, transparency, and accountability may not be. As mentioned earlier, the village head's powers have expanded since 2004, as has his/her access to district resources; the Village Law's envisioned shift in the balance of power towards the community²⁸ could thus be met with resistance. In some PNPM Rural locations, village officials have increasingly taken control of the programme's process as community participation has declined (AKATIGA 2010). There are also reports that local governments do not see the immediate relevance of CDD principles for state processes. In urban areas, there has been some past coordination between PNPM and local planning processes (*musrenbang*) to avoid duplication of activities. However, in a recent evaluation, it was noted that there was no strong desire for integration of these processes and some argument for keeping them separate (RAND 2011, p. 79).²⁹



Overcoming this resistance will be difficult and require thorough dissemination to village heads of the changes in their rights and responsibilities with the transition to the UU Desa. Furthermore, districts, facilitators, and communities must understand these changes to insist on new procedures being followed. Additional legislation—such as a PP on the village head and PPs related to the UU ASN—should also clarify changes in the village head’s role and emphasise adherence to CDD principles and responsiveness to the community in the execution of duties. Complementing these regulations with increased transfers in response to effectively involving communities in planning and implementation of development projects would further encourage village governments to support the transition to the Village Law.

Stage and Simplify Transition to Village Law

In addition to the institutional mechanisms outlined above, there are a number of programmatic considerations to facilitate the transfer of CDD principles to regular village planning processes. The general recommendations are to stage the transition to the Village Law and to simplify it as much as possible.

The political pressures to pass the Village Law, draft supporting legislation, and ensure transfers by FY 2015 have set a pace for implementation that has prioritised expediency over ensuring CDD principles. Although the achievements of the past year have been remarkable, much has been done in haste and without due consideration to trade-offs for village governance. A key lesson from PNPM is to monitor and learn from processes as they are being implemented and adjust as needed (third objective above). It is therefore recommended that the planned transition period of 2015–16 be extended and several aspects of the law’s implementation staged during a three- to five-year period to allow for learning and fine-tuning of processes.³⁰ As has already been agreed, 2015 should simply be implementation of PNPM with only one significant change—the direct transfer of *Dana Desa* to all villages.

Staging the size and timing of transfers should be considered for several reasons. First, villages may not be ready to rapidly absorb grants of the size specified

²⁸ Some of which were eliminated in the PP Desa.

²⁹ In addition, there were instances of conflict between village heads and the BPD in the early 2000s, after the body was first formed. These disagreements provided the rationale for the BPD’s weakening in 2004 legislation.

³⁰ Note that TNP2K (2014a) suggested a two- to three-year transition.

in the UU Desa or even the smaller grants that are likely for 2015. Past ADD funds, although growing, have generally been sufficient only to support small investments after covering operational costs for village government. A rapid scale-up to grants that may be 10 times prior amounts could overwhelm villages' planning and implementation capacities. Related to this, more time may be needed for planning and implementation, particularly in the early transition years. Participatory and transparent planning and implementation is labour- and time-intensive, which means that selected activities may take longer to start up than standard government projects. Villagers have demonstrated that they can identify priority projects to fund, but they may not be able to complete plans within a single year. Different PNPM programmes have experimented with longer time frames, which have helped to ensure that planning processes and CDD principles are not short-changed. For example, PNPM RESPEK has extended project cycles beyond a single year to ensure that participatory processes are not rushed. PNPM Urban spans three years, with the first year dedicated to planning and implementation continuing through years two and three. The timing and staging of transfers, as well as the time frames for implementation, need to be clarified by early 2015. Unless funds are idle and misused, more than one year should be allocated for implementation. In particular, it is recommended that with challenging geographies (based on the same variables used for funds allocations in the PP Dana Desa Articles 11–14) be given at least one more year from the start of the transition before they are required to exhaust allocated funds. They should still be required to report on use during 2015 to districts and communities³¹ but not be expected to have completed implementation until 2016.

Furthermore, villages will demonstrate varying capacities to use funds in participatory, transparent, and accountable ways. Rather than automatic annual transfers, subsequent amounts should be released only in response to evidence that past allocations have been used to benefit a broad swath of villagers. Held-back funds should be put aside for villages to access in future years, once problems have been addressed. Permanently cancelling transfers could stifle reporting of problems— as villagers do not want to risk losing funds (Woodhouse 2012)—or encourage districts to absorb village funds for their own purposes. In addition, the size of transfers could be increased for villages that demonstrate effective use of past funds. Monitoring could be provided by both the re-empowered BPD and district-level agencies and must be more active and frequent than existing reporting that has failed to avert misuse of ADD grants (Wetterberg, Dharmawan, and Jellema 2013).

³¹ As stipulated in PP Desa Articles 43 and 60 and UU Article 6. See TNP2K (2014a, p. 119) for a discussion of the integration of a comprehensive set of geographic difficulty indicators that include welfare and infrastructure availability and condition.

Given the complexities related to absorbing village grants, the current problems with redirecting FY 2015 budget allocations could be turned into an advantage. Starting grants on a more manageable scale, similar to what communities handled in PNPM Rural, keeps the size constant while other variables are shifting. As villages gradually gain experience, subsequent amounts can be scaled up and transferred according to appropriate time frames and proven capacities. The first year of transition to the Village Law is also an opportunity to commission studies that focus on, among other issues, to what purposes villages have allocated grants and how well processes leading to these choices aligned with CDD principles; the sufficiency of amounts for community priorities; the adequacy of monitoring by BPDs, communities, and districts; as well as how experiences vary in different geographic, economic, and social contexts. These findings can help fine-tune subsequent stages of the transition to the Village Law.



The RPJM-Des could also be phased in, helping to simplify planning processes for the initial transition. By mid-2014, only 47% of villages had formally completed these documents (TNP2K 2014b). Even when villages have RPJM-Des, links with district planning are rarely functioning as expected (see section D).³² Villages that do not yet have RPJM-Des are primarily those that have not recently participated in PNPM Rural and therefore are less familiar with the programme's processes. Given that most villages do not yet have an RPJM-Des and that those that have them have not integrated them with district-level planning processes, scarce time and energy should not be channelled to these activities during the first year or two. Focusing prematurely on vertical integration and engaging districts in the village-level planning process before community priorities have been identified and are in the process of being implemented may skew village plans towards district priorities. For communities without RPJM-Des, consideration should be given to waiving the requirement until FY 2017 transfers to give villages a chance to establish annual village planning processes without the additional burden of also undertaking medium-term planning. Phasing in the RPJM-Des will also reduce facilitators' workload in the first year of Village Law implementation and allow them to concentrate on participatory planning of larger village grants, transparent implementation of selected community priorities, and accounting for how funds were used.

Along similar lines, villages should be given the opportunity to focus first on a unified, participatory planning process at the community level before concentrating on intervillage cooperation (*kawasan perdesaan* and BUM *antar Desa* (state-owned enterprises at village level) and associated institutions (e.g., BKAD, Intervillage Discussion). The strength of these institutions varies widely across subdistricts (Dharmawan, Nugraheni, and Dewayanti 2014; Woodhouse 2012). Although gains made in establishing and making functional these intervillage organisations should not be squandered, revitalising them where moribund could prove a significant distraction for facilitators and impede projects relying on them. Where communities identify projects requiring intervillage collaboration, these institutions should be involved. In the absence of such priorities, however, no effort should be directed to maintaining them for their own sake at this early stage.

At later stages of the transition, when communities have had an opportunity to establish participatory and accountable development mechanisms, the focus can shift to integrating these processes with high-level and regional planning. Assuming

³² PP 43/ 2014 stipulates RPJM-Des as a condition for transfers, but FY 2015 block grants will require only an RKP-Des and APB-Des for disbursements to take place.

contradictions between the Village Law and derivative regulation can be clarified (see section E), villages and districts should begin to coordinate their medium-term development plans and districts identify ways to support community investments. Districts could take a lead role in creating mechanisms to support infrastructure maintenance. Given GOI's efforts to increase infrastructure investments, there are efficiencies to be had in protecting existing small-scale infrastructure (see section C). Under existing arrangements, however, district governments rarely focus on relatively low-cost regular maintenance, investing instead in much costlier rehabilitation once projects are nonfunctional (Gaduh 2010). Furthermore, these efforts often fail to bring infrastructure back to full functionality (Wetterberg, Dharmawan, and Jellema 2013).

Institutional mechanisms are thus needed to ensure that district offices periodically inspect and work with communities to inventory and maintain local infrastructure. Possibilities include allocating district budgets based on



documented cost-effective use of the prior year's funds, in combination with indicators of community priorities, such as community contributions to maintenance activities and community complaints as a prompt for allocations (Gaduh 2010). Such mechanisms could potentially be incorporated in implementation of the law on regional governments. For higher levels of government to collaborate on maintenance of community assets, it is important to overcome piecemeal approaches due to finely delineated ownership, responsibilities, and budgets. For example, 'community-owned' stages of the health system, such as the integrated health post (*pos pelayanan terpadu*) and maternity cottages (*polindes*), are outside the responsibility of the health department, which only provides technical support but no funds (McLaughlin 2014; Wetterberg, Hertz, and Brinkerhoff, forthcoming). These types of institutional arrangements stand in the way of collaborations between communities and district technical agencies to collaborate on maintaining existing investments and providing needed community services.

A more permanent simplification could be to separate RLFs from village grants and planning processes. The RLFs have not served poverty objectives. RLFs were introduced to the KDP as a means of helping poor women in the wake of the Asian financial crisis. An evaluation of the first phase of the KDP found that loans were generally not made to poorer families and, in fact, were more strongly biased towards richer community members than economic loan programmes in non-KDP areas (Joint Donor and Government Mission 2007; Wong 2003). RLF loans largely benefit village elites who can afford to repay, such as 'wives of village government officials, teachers, or women of high economic status' (McLaughlin, Satu, and Hoppe 2007, p. 31). Poor women, whom RLFs are intended to benefit, do not generally access these loans, often because they fear being unable to repay them (Joint Donor and Government Mission 2007; PNPM Support Facility 2013).

RLF have also undermined governance principles due to persistent abuses and have complicated PNPM implementation. From the beginning, repayment rates were low (averaging about 40%) and UPKs struggled with administration. Similar problems have persisted through the programmes' later iterations. In 2013, as discussed in section C, RLFs accounted for 75% of all reported corruption cases, even though loans represented less than 10% of funds disbursed through PNPM in that year.

The continuing problems with RLF implementation, coupled with failure to reach the poor, suggest that provision of these private goods is not well suited to a government transfer mechanism meant primarily for public goods and within-village distribution according to CDD principles. With Village Law implementation,

it is recommended that RLFs should not be funded through village grants or should at least be postponed.³³ Where RLFs are functioning well and UPKs have proven capable of managing the funds, they should continue (potentially with support from cluster 3 programmes or the World Bank's RLF pilot project scheduled to launch in early 2015 [World Bank 2014] and as a means of expanding community business activities [TNP2K 2014a]).

Phasing in funds, medium-term planning, intervillage cooperation and eliminating RLFs could simplify processes for communities and allow them to focus on incorporating CDD principles in annual village planning. It is important to note that the recommended changes would also reduce the scope of responsibilities for facilitators, on which PNPM has relied heavily to support communities and on which the Village Law's implementation will also depend. Facilitators, however,



were overworked and overextended even before the transition to the Village Law. Because the supply of professional facilitators has not kept pace with the increased demand from PNPM's national scale-up and proliferation of other facilitator-assisted programmes, a significant shortfall is predicted for 2015. It is estimated that about 30,750 professional facilitators would ideally be needed for Village Law implementation, but only 20,500 will be available (*Pokja Pengendali PNPM 2014*).

The government has responded by increasing reliance on community-based facilitators (such as the Team 11, which guides village planning and village *cadres*) as well as local government *setrawan*³⁴. MoHA is providing training to village facilitators, scheduled to be completed in November 2014. Although these efforts will complement professional facilitators, community-based facilitators cannot substitute for full-time employees dedicated to ensuring that the Village Law's CDD principles are followed in village development planning and that the poor and marginalised benefit from these processes. Every effort must be made to reduce the number of activities facilitators are responsible for and to streamline administrative requirements. Furthermore, PNPM Roadmap initiatives should continue to make facilitator positions more attractive and speed up certification and make it more effective.³⁵ As a one-time effort, prompted by the unexpectedly rapid transition to the Village Law, the government should offer retention and signing bonuses to increase the availability of facilitators and subsidise the certification of facilitators now working on PNPM programmes.

³³ There is precedent for the elimination of RLFs in PNPM Urban, which experienced repayment rates of 56% during the programme's first phase (1999–2001) (Fritzen 2007). After determining that provision of credit was 'less value added' than social and infrastructure projects, PNPM Urban began to phase out RLFs (RAND 2011, p. 40).

³⁴ *Setrawan* are civil servants at district and subdistrict levels trained to drive changes in the attitudes of officials, lead governance changes in favour of the public interest, and provide assistance to the community, especially in managing participatory development.

³⁵ Derivative legislation for the UU *Aparatur Sipil Negara* (Law regarding Indonesia's civil apparatus or ASN) should also clarify facilitators' employment status and remuneration standards.

CONCLUSION

In closing, the transition from PNPM to the Village Law will be a challenge for Indonesia's village communities. To ensure that the law's potential is fulfilled across the varying contexts of 73,000 villages, state actors at all levels will need focus and flexibility as they work to institutionalise and operationalise CDD principles in the implementation of the UU Desa. Perhaps the most important change associated with the law's implementation for state actors but also most difficult to achieve is a cultural shift towards identifying shortcomings and using them to make improvements: 'The complexity of participatory development requires a high tolerance for failure and clear incentives... to report evidence of it. Failure is sometimes the best way to learn about what works. Only in an environment in which failure is tolerated can innovation take place and evidence-based policy decisions be made' (Mansuri and Rao 2012, p. 14).





Bibliography

- AKATIGA (Centre for Social Analysis). 2010. *Marginalized Groups in PNPM-Rural*. Bandung: AKATIGA.
- Alatas, V., A. Banerjee, R. Henna, B. A. Olken, R. Purnamasari, and M. Wai-Poi. 2013. *Does Elite Capture Matter? Local Elites and Targeted Welfare Programs in Indonesia*. NBER Working Paper Series, No. 18798. Cambridge, MA: National Bureau of Economic Research.
- Antlöv, H. 2003. 'Village Government and Rural Development in Indonesia: The New Democratic Frameworks'. *Bulletin of Indonesian Economic Studies* 39(2): 193–214.
- Antlöv, H., L. Dharmawan, and A. Wetterberg. Forthcoming. 'Village Governance, Community Life and the New Village Law in Indonesia'.
- Antlöv, H., and S. Eko. 2012. 'Village and Subdistrict Functions in Decentralized Indonesia'. Paper presented at the DSF Closing Workshop, Jakarta, Indonesia, March.
- Baird, S., C. McIntosh, and B. Özler. 2013. 'The Regressive Demands of Demand-Driven Development'. *Journal of Public Economics* 106(C): 27–41.
- Baker, J. L. 2013. 'Indonesia: Evaluation of the Urban Community Driven Development Program Nasional Pemberdayaan Masyarakat Mandiri Perkotaan (PNPM-Urban)'. Jakarta: PNPM Support Facility.
- Ban, R., and V. Rao. 2008. 'Tokenism or Agency? The Impact of Women's Reservations on Village Democracies in South India'. *Economic Development and Cultural Change* 56(3): 501–30.
- Bessell, S. 2004. *Women in Parliament in Indonesia: Denied a Share of Power*. Canberra: Asia Pacific School of Economics and Government Policy and Governance Working Papers.
- Betke, F., and S. H. Ningsih. 2011. 'Contributions from Eight Thematic Studies to Qualitative Evaluation of the Indonesian Urban Poverty Programme (UPP2/ UPP3) 2009–2010'. Jakarta: Departmen Pekerjaan Umum.
- Brinkerhoff, D. W., and A. Wetterberg. 2013. 'Performance-Based Public Management Reforms: Experience and Emerging Lessons from Service Delivery

- Improvement in Indonesia.' *International Review of Administrative Sciences* 79(3): 433–57.
- Chandrakirana, K. 1999. 'Local Capacity and Its Implications for Development: The Case of Indonesia.' *Local Level Institutions Study*. Jakarta: AKATIGA.
- Clots-Figueras, I. 2011. 'Women in Politics: Evidence from the Indian States.' *Journal of Public Economics* 95(7): 664–90.
- Dasgupta, A., and V. A. Beard. 2007. 'Community Driven Development, Collective Action and Elite Capture in Indonesia.' *Development and Change* 38(2): 229–49.
- Davies, S. G. and N. I. Idrus. 2011. 'Participating in Parliamentary Politics: Experiences of Indonesian Women 1995–2010.' *Journal of Indonesian Social Sciences and Humanities* 3: 81–97.
- Dent, G. 2001. 'Ex-Post Evaluation of Kecamatan Development Program Infrastructure Projects: Final Report.' Jakarta: Project Appraisals PTY Limited.
- Dharmawan, L., I. Nugraheni, and R. Dewayanti. 2014. 'Studi Kelompok Masyarakat PNPM.' Jakarta: Tim Nasional Percepatan Penanggulangan Kemiskinan (TNP2K).
- Dwipayana, A., and S. Eko. 2003. *Membangun Good Governance di Desa*. Bandung: IRE Press.
- Evers, P. J. 2000. 'Resourceful Villagers, Powerless Communities: Rural Village Government in Indonesia.' Draft. Jakarta: World Bank/Bappenas.
- Febriany, V., N. Toyamah, J. Sodo, and S. Budiati. 2010. *Studi Dampak Kualitatif PNPM Generasi dan PKH terhadap Ketersediaan dan Pemanfaatan Pelayanan Kesehatan Ibu dan Anak dan Pendidikan Dasar*. Jakarta: SMERU Research Institute.
- Friedman, J. 2014. *Expanding and Diversifying Indonesia's Program for Community Empowerment, 2007–2012*. Princeton, NJ: Princeton University.
- Fritzen, S. A. 2007. 'Can the Design of Community-Driven Development Reduce the Risk of Elite Capture? Evidence from Indonesia.' *World Development* 35(8): 1359–75.

- Gaduh, A. 2010. 'Village Capacity in Maintaining Infrastructure: Evidence from Rural Indonesia'. Jakarta: World Bank.
- Gibson, C. 2012. 'Making Redistributive Direct Democracy Matter: Development and Women's Participation in the Gram Sabhas of Kerala, India'. *American Sociological Review* 77(3): 409–34.
- Guggenheim, S. E., T. Wiranto, Y. Prasta, and S. Won. 2004. 'Indonesia's Kecamatan Development Program: A Large-Scale Use of Community Development to Reduce Poverty'. Paper presented at the Scaling Up Poverty Reduction: A Global Learning Process and Conference, Shanghai, 25–27 May.
- Hudayana, B., H. Habirono, and R. R. Kabalmay. 2007. *Alokasi Dana Desa: Cermin Komitmen Kabupaten/Kota pada Otonomi Desa. Hasil Studi Penerapan Kebijakan ADD di 6 Kabupaten*. Bandung: IRE Press.
- Joint Donor and Government Mission. 2007. 'Gender Review and PNPM Strategy Formulation'. Working paper. Jakarta: Decentralisation Support Facility.
- Lewis, B. D., and P. Smoke. 2011. 'Incentives and Other Mechanisms for Achieving Better Local Service Delivery: International Experience and Potential Relevance for Indonesia'. Paper presented at the International Conference on Fiscal Decentralization in Indonesia a Decade after the Big Bang, Jakarta, 13–14 September.
- Lund, J. F. and M. Saito-Jensen. 2013. 'Revisiting the Issue of Elite Capture of Participatory Initiatives'. *World Development* 46: 104–12.
- Majeed, R. 2014. *Services for the People, by the People: Indonesia's Program for Community Empowerment, 1998–2006*. Princeton, NJ: Princeton University.
- Mansuri, G., and V. Rao. 2012. *Localizing Development: Does Participation Work?* Washington, DC: World Bank Publications.
- McLaughlin, K. 2014. *Indonesian Village Health Institutions: A Diagnostic*. Jakarta: PNPM Support Facility.
- McLaughlin, K., A. Satu, and M. Hoppe. 2007. 'Kecamatan Development Program Qualitative Impact Evaluation'. Jakarta: World Bank.

- Mimba, N. P. S., G. J. van Helden, and S. Tillema. 2013. 'The Design and Use of Performance Information in Indonesian Local Governments under Diverging Stakeholder Pressures'. *Public Administration and Development* 33: 15–28.
- Muslim, E. S., and A. Wetterberg. 2014. 'Summary Report: Opportunities for KSI Engagement with Demand-Side Actors Related to the Village Law'. Unpublished manuscript. Jakarta Knowledge Sector Initiative.
- Neil, N. 2013. 'PNPM Mandiri Rural Infrastructure Technical Evaluation Report (Summary)'. Jakarta: PNPM Support Facility.
- Nkonya, E., D. Phillip, T. Mogues, J. Pender, and E. Kato. 2012. 'Impacts of Community-Driven Development Programs on Income and Asset Acquisition in Africa: The Case of Nigeria'. *World Development* 40(9): 1824–38.
- Olken, B. A. 2006. 'Corruption and the Costs of Redistribution: Micro Evidence from Indonesia'. *Journal of Public Economics* 90(4): 853–70.
- Olken, B. A. 2007. 'Monitoring Corruption: Evidence from a Field Experiment in Indonesia'. *Journal of Political Economy* 115(2): 200–249.
- Olken, B. A. 2010. 'Direct Democracy and Local Public Goods: Evidence from a Field Experiment in Indonesia'. *American Political Science Review* 104(2): 243–67.
- Olken, B. A., J. Onishi, and S. Wong. 2011. *Indonesia's PNPM Generasi Program: Final Impact Evaluation Report*. Jakarta: World Bank.
- Olken, B. A., J. Onishi, and S. Wong. 2012. 'Should Aid Reward Performance? Evidence from a Field Experiment on Health and Education in Indonesia'. NBER Working Papers No. 17892. Cambridge, MA: National Bureau of Economic Research.
- Pieroelie, E. 2012. 'Local Governance and PNPM: Perceptions of Local Actors'. Jakarta: Klircom.
- Pokja Pengendali PNPM. 2012. 'PNPM Mandiri Information Kit 2012–2013'. Jakarta: Sekretariat Pokja Pengendali PNPM Mandiri.
- Pokja Pengendali PNPM. (2014). 'Recommendations for Activities to Be Completed during Period of Transition towards Implementation of Law No. 6/2014

- Regarding Villages'. Presentation. PNPM Steering Working Group Secretariat, Jakarta.
- Pokja Pengendali PNPM and TNP2K. 2012. 'PNPM Mandiri Road Map: Towards the Sustainability of Community Empowerment Programmes'. Jakarta: Sekretariat Pokja Pengendali PNPM Mandiri.
- PNPM Support Facility. 2010. 'PNPM Rural Update on Fraud and Corruption, and Mitigating Measures'. Jakarta: PNPM Support Facility.
- PNPM Support Facility. 2013. '2012 PSF Progress Report'. Jakarta: PNPM Support Facility.
- PNPM Support Facility. 2014a. 'PNPM-Rural 2012–2014: Fact Sheet'. Jakarta: PNPM Support Facility.
- PNPM Support Facility. 2014b. 'PNPM Governance Six-Monthly Update: February 2014'. Jakarta: PNPM Support Facility.
- PNPM Support Facility. 2014c. 'Progress Report 2013'. Jakarta: PNPM Support Facility.
- PNPM Support Facility. n.d. 'PNPM Rural Planning and Block Grant Cycle: How It Works'. Jakarta: PNPM Support Facility.
- RAND. 2011. 'Process Evaluation of the Program Nasional Pemberdayaan Masyarakat (PNPM)-Urban'. Santa Monica, CA: RAND Labor and Population.
- Sacks, A. (2014). 'The Importance of Transparency for Public Goods Provision'. Mimeo. Jakarta.
- Sahdan, G., and P. Iswari. 2007. *ADD untuk Kesejahteraan Rakyat*. Bandung: IRE Press.
- Sari, Y. I., H. Rahman, and D. R. S. Manaf. 2011. *Final Report Evaluation of PNPM Respek: Village Infrastructure and Institutional Capacity*. Bandung: AKATIGA Centre for Social Analysis.
- Sumarto, S., A. Wetterberg, and L. Pritchett. 1999. *The Social Impact of the Crisis in Indonesia: Results from a Nationwide Kecamatan Survey*. Washington, D.C.: East Asia Environment and Social Development Unit, World Bank.
- Suryadarma, D., and C. Yamauchi. 2013. 'Missing Public Funds and Targeting

- Performance: Evidence from an Anti-Poverty Transfer Programme in Indonesia'. *Journal of Development Economics* 103: 62–76.
- Syukri, M., Hastuti, Akhmadi, Kartawijaya, and A. Kurniawan. 2014. *Qualitative Study of the Proliferation and Integration of Community Empowerment Programs in Central Java, West Nusa Tenggara, and South Sulawesi*. Jakarta: SMERU Research Institute.
- Syukri, M., S. Mawardi, and Akhmadi. 2012. *A Qualitative Study of the Impact of PNPM Rural*. Jakarta: SMERU Research Institute.
- Tadros, M. 2010. 'Introduction: Quotas—Add Women and Stir?' *IDS Bulletin* 41(5): 1–10.
- TNP2K. 2014a. *Menjangkau Masyarakat Miskin dan Rentan serta Mengurangi Kesenjangan: Memperbaiki Ketepatan Sasaran, Desain dan Mekanisme Program*. Jakarta: Tim Nasional Percepatan Penanggulangan Kemiskinan.
- TNP2K. 2014b. 'Tindak Lanjut Transisi Pelaksanaan UU No. 6/2014 Tentang Desa'. Presentation. Sekretariat TNP2K, Jakarta, Indonesia,
- TNP2K. n.d.. 'Poverty Reduction Program: National Programme for Community Empowerment (PNPM Mandiri)'. Retrieved from www.tnp2k.go.id/en/programmes/programmes/dprogram-national-programme-for-community-empowerment-pnpm-mandiri.
- Torrens, A. 2005. 'Economic Impact Analysis of Kecamatan Development Program Infrastructure Projects'. Jakarta: World Bank.
- Voss, J. 2008a. *Impact Evaluation of the Second Phase of the Kecamatan Development Program in Indonesia*. Report No. 45590. Jakarta: World Bank.
- Voss, J. 2008b. *PNPM-Rural Baseline Report*. Jakarta: World Bank.
- Voss, J. 2013. *PNPM Rural Impact Evaluation*. Jakarta: PNPM Support Facility.
- Westy, A., Y. Murtiono, M. Aji, F. H. Rahman, H. Habirono, and R. Djohani. 2008. *Panduan Perencanaan Partisipatif*. Bandung: IRE Press.
- Wetterberg, A., D. W. Brinkerhoff, and J. C. Hertz. 2013. 'Capacity Development for Local Organizations: Findings from the Kinerja Programme in Indonesia'. Working

- Paper Series No. 2013-03. International Development Group. Research Triangle Park, NC: RTI International.
- Wetterberg, A., L. Dharmawan, and J. Jellema. 2013. *The Local Level Institutions Study 3: Overview Report*. Jakarta: PNPM Support Facility.
- Wetterberg, A., Hertz, J., and Brinkerhoff, D. W. Forthcoming. 'Social Accountability and Service Delivery: Lessons from the Kinerja Program'. Research Triangle Park, NC: RTI International.
- Wollenberg, E. 2009. 'The Realpolitik of Village Representation and Participation'. In M. Moeliono, E. Wollenberg, and G. Limberg (Eds.), *The Decentralization of Forest Governance: Politics, Economics and the Fight for Control of Forests in Indonesian Borneo* (London and Sterling, VA: Earthscan), pp. 241–62.
- Wong, S. 2003. *Indonesia's Kecamatan Development Program: Building a Monitoring and Evaluation System for a Large-Scale Community-Driven Development Program*. EASES Discussion Paper Series, Environment and Social Development Unit, East Asia and Pacific Region. Washington, DC: World Bank.
- Woodhouse, A. 2012. *Governance Review of PNPM Rural: Community Level Analysis*. Summary Series. Jakarta: PNPM Support Facility.
- Woolcock, M. 1998. 'Social Capital and Economic Development: Towards a Theoretical Synthesis and Policy Framework'. *Theory and Society* 27: 151–208.
- World Bank. 2009. *Investing in the Future of Papua and West Papua: Infrastructure for Sustainable Development*. Washington, DC: World Bank.
- World Bank. 2010. 'Empowering Indonesian Communities through Direct Participation in Developing Infrastructure and Services'. *IBRD Results* No. 91825 (March 1). Washington, DC: World Bank Group.
- World Bank. 2014. *PNPM Revolving Loan funds (RLFs) Capacity Building and Sustainability Project. Quarterly Progress Report: January to March 2014*. Jakarta: World Bank.

NATIONAL TEAM FOR THE ACCELERATION OF POVERTY REDUCTION

Secretariat of the Vice President of the Republic of Indonesia

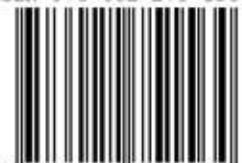
Jl. Kebon Sirih No. 14 Jakarta Pusat 10110

Phone : (021) 3912812
Facsimile : (021) 3912511
E-mail : info@tnp2k.go.id
Website : www.tnp2k.go.id



Printed on recycled paper

ISBN 978-602-275-156-4



9 786022 751564 >