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THE WORLD BANK

THE LOCAL LEVEL INSTITUTIONS STUDY 3: Overview Report



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Overview Report

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THE LOCAL LEVEL INSTITUTIONS STUDY 3:

Overview





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LIST OF ABBREVIATIONS

<i>ADD</i>	: <i>Alokasi Dana Desa</i> or Village Allocation Funds
<i>AMAN</i>	: <i>Aliansi Masyarakat Adat Nusantara</i> or Indigenous Peoples Alliance of the Archipelago
<i>BPD</i>	: <i>Badan Permusyawaratan Desa</i> or Village Council
<i>BPM</i>	: <i>Badan Pemberdayaan Masyarakat</i> refers to community empowerment organization/body at the village level.
<i>CDD</i>	: <i>Community-driven development</i>
<i>DAD</i>	: <i>Dana Alokasi Desa</i> or Village Allocation Funds
<i>DPRD</i>	: <i>Dewan Perwakilan Rakyat Daerah</i> or district parliament
<i>FGD</i>	: focus group discussions
<i>JKPP</i>	: <i>Jaringan Kerja Pemetaan Partisipatif</i> or the Participative Mapping Working Network
<i>KDP</i>	: <i>Kecamatan Development Program</i>
<i>LLI</i>	: Local Level Institutions studies
<i>LPM</i>	: <i>Lembaga Pemberdayaan Masyarakat</i> or community empowerment organization/body at the village level.
<i>MP3EI</i>	: <i>Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia</i> or Master Plan for Acceleration and Expansion of Indonesian Economic Development
<i>PNPM</i>	: <i>Program Nasional Pemberdayaan Masyarakat</i>
<i>RKP Desa</i>	: <i>Rencana Kerja Pemerintah</i> or annual work plan
<i>RPJM Desa</i>	: <i>Rencana Pembangunan Jangka Menengah Desa</i> or medium term village development plan
<i>RT</i>	: <i>Rukun Tetangga</i> or Neighborhood
<i>RW</i>	: <i>Rukun Warga</i> or Sub-village
<i>TTS</i>	: <i>Timor Tengah Selatan</i>
<i>UPH</i>	: <i>Unit Pengelola Hasil (UPH)</i> or a cooperative-like organization that purchase products at competitive prices from local farmers
<i>WALHI</i>	: <i>Wahana Lingkungan Hidup Indonesia</i>

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EXECUTIVE SUMMARY

The Indonesian Local Level Institutions studies, carried out in 1996 (LLI1) and 2000/2001 (LLI2), sought to **identify the preconditions for and constraints on local capacity (defined as the ability to solve common problems collectively) and the extent to which state structures complemented or impeded villagers' problem-solving efforts.** In 2012, the research team returned to the same study areas in Jambi, Central Java, and NTT, combining updated versions of the qualitative and quantitative research instruments used in LLI2. **The primary objective of the third round of the study (LLI3) was to trace developments in local capacity since LLI2 and evaluate these changes in light of decentralization, democratization, and expansion of participatory programs since 2001.** The LLI3 findings seek to inform the Indonesian government's sub-national governance strategy, particularly the redesign of the *Program Nasional Pemberdayaan Masyarakat (PNPM)*.

LOCAL CAPACITY

Overall, the constellation of problems LLI villagers reported, and their responses to them, have changed substantially since 2001. **Villagers now report fewer collective problems, but also respond to a smaller proportion of those that remain. When they do mobilize, villagers less often find sustainable solutions.** The declining rate of response is in part due to changes in the nature of problems, with **increases in the share of overwhelming economic, service delivery and infrastructure issues reported.** When problems are responded to, **village government is more often involved,** with a marked decline in

the relative role of non-state community leaders. In spite of dramatic political, economic, and social changes, almost half of the LLI villages retained the same level of problem-solving capacity as in LLI2. However, **one quarter of villages, mostly in Central Java, experienced declining rates of successful problem-solving during the same period, due to deteriorating access to natural resources, nascent signs of reduced reciprocity, and unresponsive village leaders who did not work in villagers' interest. Improved capacity was mainly a reflection of villagers' own efforts to improve their livelihoods, increase control over natural resources, and sustain mechanisms to ensure that village leaders were oriented towards solving collective problems. Reformist officials also contributed to increased problem-solving capacity, as did NGOs** in a circumscribed but important set of efforts to reclaim disputed land in Jambi. In these villages, changes in corporate control over natural resources and political competition at district and provincial levels have provided opportunities for villages to strengthen problem-solving.

PARTICIPATION IN ORGANIZATIONAL LIFE

As with responses to common problems, **households in LLI villages are participating less frequently and less intensively in communal activities.** In the face of general declines in organizational participation, however, **women have dramatically increased their share of total household participation in all activities,** sometimes accounting for participation shares two to three times greater than male heads of household. Notably, women's



VILLAGE GOVERNMENT

Democratization has had an effect at the village level since LLI2, as term limits and educational requirements are now enforced.

Most village heads have been replaced since LLI2 and in some cases the ruling families or clans have been ousted. **Most elections are not rigged** by higher levels of government or dominant families. At the very least, villagers now have the freedom to not elect candidates from long-standing political elites and, in some villages, there are broader slates of candidates than in LLI2 (such as from distant hamlets, minority religions and minority clans).

More village heads are responsive to villagers' interests. The direction of change in the quality of new village heads largely corresponds to capacity. Low capacity villages have not been able to capitalize on changes in the political environment, and therefore face equally bad or worse village heads compared to LLI2.

The rising role of government in problem-solving efforts is a reflection of the strengthened position of the village head, who now has direct links to district resources and, with direct elections, greater local legitimacy. However, **strengthening the village head does not translate directly to strengthening local capacity. Additional accountability mechanisms are needed to engender synergy between strengthened village heads and their constituents.** Higher capacity villages are able to hold village heads accountable for using their stronger position to address community problems, through **functioning adat¹ control mechanisms or BPDs² that continue to operate as legislated in 1999.** Lower capacity villages instead rely mainly on blunt electoral accountability to oust unresponsive leaders at the end of their terms.

increased organizational participation **has not translated into greater prominence in village government, from which they remain absent.**

The role of government in the organizational landscape has also shifted over the three LLI rounds. After substantial declines in all three provinces from LLI1 to LLI2, **government has re-established itself as a formidable presence amongst formal groups in Java, but has strengthened to a lesser extent in Jambi, and continued to decline in NTT.** Regional patterns also color patterns of participation. Relative to households from the Java study area, households in Jambi and NTT regions report participating in fewer activities per month but spending more time in each activity in which they participate.

Even though villagers report that infrastructure is a relatively more common problem than in 2001, the groups and activities they now participate in less often provide infrastructure benefits compared to LLI2. Further investigation is needed to identify whether the **decline in community provision of infrastructure** is due to the overwhelming scope of such problems or because of a shift towards other providers (such as public/private agencies and government projects such as PNPM.)

¹ *Adat* refers to customary law or tradition.

² BPD, or *Badan Permusyawaratan Desa*, refers to village council.

STATE-SOCIETY RELATIONS

Changes in BPD structure have undermined capacity, weakening villagers' ability to monitor the village head and ensure that village government is working in the broader collective interest, rather than for exclusive individual or elite benefits. **The BPD as conceived in 1999 proved to be an effective accountability mechanism** in the subset of villages where the council had time to operate before it was weakened by 2004 legislation. After 2004, when the BPD was weakened by legislation, most of these villages lost the ability to control the actions of the village heads. A small number of villages in Central Java and Jambi, however, have retained the BPD's original role; in these communities the council has enhanced local capacity by channeling villagers' needs to officials and ensuring that the village government is working to address identified community priorities.

District government is not filling the accountability void left by the BPD; districts provide little supervision and monitoring of whether village heads are performing their duties or funds are used effectively. **More village autonomy to use funds to address problems is needed, but this bigger role should only be provided with stronger control mechanisms.**

Participatory projects could potentially be one means of better meeting local needs and increasing accountability. However, while villagers report higher satisfaction, more transparency, and better maintenance for PNPM projects relative to others, levels of participation are not markedly better. **Participatory projects are more likely to reinforce existing capacity than facilitate governance improvements in lower-capacity villages.** High capacity villages are better able to take advantage of the open planning and decision-making in these projects.

RECOMMENDATIONS

In LLI1, the state dominated community life but was simultaneously disconnected from it, with high capacity villages circumventing government in their problem-solving efforts. During the turbulent times of LLI2, we saw reactions against the earlier heavy-handed state involvement in protests, election of some reformist candidates, and flight from government-mandated organizations. By LLI3, villagers and their leaders faced an environment with more readily accessible state resources, some beneficial shifts in the broader political economy, and empowerment of the office of the village head, to which a more inclusive range of candidates have been elected. These changes, largely attributable to national policy shifts, hold the potential for village government to support local problem-solving capacity.

Such synergy is a reality, however, only in higher-capacity villages that can create pressures on the village head to work in the interest of the community, rather than furthering his or her personal fortunes. In this sense, synergy is not a result of state policies, but of villagers' own efforts. Because institutional levers to consistently produce such outcomes are absent, lower-capacity villages continue to experience disconnects between their problem-solving efforts and state activities. **At the village level, re-instituting the BPD as a representative body to which the village head answers is the most promising avenue for bridging such disconnects. Reviving the BPD could give opportunities to non-formal leaders to participate in problem-solving, as their role has been shrinking since LLI2. Reserving elected positions on the BPD for women candidates could help ensure that their participation in village government mirrors their increased role in organizational life.** While they persist, the basis of disconnects



between citizens and government have changed from earlier LLI rounds. In the past, village government operated independently of the community because leaders represented the national state, rather than villagers. Current village heads are no longer formally beholden to higher levels of government, but instead are often motivated primarily by their own interests or those of local elites that support them. The terms of state-society relations have undoubtedly changed, however, as even lower-capacity villages can (and do) intermittently exercise electoral accountability against unresponsive leaders. There is also evidence of very sophisticated use of the political competition brought on by democratization at all levels of government. These changes often enhance capacity, as they mobilize resources and can keep leaders' attention on village concerns. **These findings argue for leaving electoral accountability mechanisms intact, possibly extending them, but certainly not curtailing them. National policymakers should also avoid further strengthening the village head, in part by protecting electoral accountability, but also by ensuring that power is more evenly distributed in the village and not concentrated in a single office. For example, the RUU³ Desa should not increase**

ADD⁴ funds without evidence that past allocations have been used to benefit a broad swath of villagers.

Even with the recommended changes at the village level, districts must do much more to complement villagers' attempts at accountability, as well as providing better direct support of village problem-solving. Existing efforts to monitor village head's use of funds are ineffective in all research areas; district officials continue to "chase targets" rather than matching villagers' needs. Many projects ignore local circumstances and are uniformly passed down to all villages. **If programs were instead designed to meet identified village priorities, districts could support local capacity by not only providing direct resources to complement villagers' own efforts, but also by addressing problems of overwhelming scope, which are becoming more frequent. To achieve such a shift, district agencies must become more proactive in their outreach to villagers, while also instituting more systematic and democratic ways for villagers to bring emerging issues to the attention of district agencies** (rather than relying on village heads to lobby for funds).

3 RUU, or *Rancangan Undang-undang*, refers to draft law.

4 ADD, or *Alokasi Dana Desa*, refers to village fund allocated by district level government from its local budget.

While participatory designs have distinct benefits, they are not having the intended effects on governance in low capacity villages. To work better, **PNPM and similar programs should consider alternative avenues for reaching low capacity villages, including less intensive participation** at certain stages of the planning process (such as village-wide balloting to select final proposals) to introduce more residents to the idea of joint decision-making in villages where collective action is not customary.

Government programs, and policies such as the PNPM Roadmap, need to **avoid the creation of program-specific groups to reduce the risk of further crowding out community-initiated organizations**, as villagers are spending decreasing amounts of time in organizational activities. Similarly, national agencies, district offices, donors, and NGOs should **design programs around existing governance institutions** rather than creating project management structures that may link to but essentially circumvent village government or customary governing bodies. To thwart elite capture of decision-making, **permanent institutions of countervailing power are needed**, not program-specific parallel systems.

LLI3 identified encouraging examples of villages that prevailed over corporate actors in disputes over land and resources. These successes are notable indicators of a shift in the broader political environment, but the recent victories are fragile due to a lack of clarity in land and natural resource regulations. Legislative decisions in May 2013 provide a **window of opportunity to safeguard communities' claims to land and resources by clarifying boundaries and ensuring all levels of government enforce them**. National NGOs and international donors need to advocate for swift but rigorous implementation of the Constitutional Court's decision. District-level NGOs should work with local communities to make sure that they are aware of their rights and to map their claims. The central government must also collaborate with district administrations to ensure that customary forests are protected by local legislation. It is particularly **important that identification of property rights takes into account the perspectives and concerns of different community members, and that boundaries are clarified in advance of MP3EI (Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia) implementation**.

Many of the shifts over the past decade support greater synergy, but without on-going local accountability structures, there is a persistent risk of a shift back to state dominance of community life, albeit on different terms than during the New Order. Among the LLI villages, we see a strong re-emergence of the state in formal organizations in Central Java, which also has the greatest concentration of village heads that are *less* responsive than their predecessors. Villages in this province also show the greatest declines in local capacity. These patterns converge in a worrying trend of poor governance outcomes and unsuccessful local problem-solving.



READER'S GUIDE

The following descriptive guide contains short summaries for all seven chapters of the LLI3 Overview Report. While each summary is not always a *complete* list of chapter contents, each does provide a quick look at major and minor topics (and keywords) addressed and some indication of the general tenor of the conclusions reached therein.

Chapter 1 provides an introduction to the Local Level Institutions project itself – its genesis and progression from 1996 until the most recent report (LLI3 in 2013). It also provides a broad overview of some of the major revisions to the social, cultural, and political landscape in Indonesia since the LLI2 study was fielded (in 2001). In particular, changes in both the extent of, and the regulations supporting, decentralization of both fiscal resources and authority over spending that either has or has not produced more autonomy for regional governments are reviewed. Also, the revisions to democratic procedures (at various levels) and the imposition and removal of checks and balances on elected leaders are also reviewed. Both decentralization and democracy reforms are traced all the way to the local level, where they interact (or not) with participatory, community-driven development (CDD) programs and platforms (themselves increasingly popular after LLI2). This introductory chapter includes a synopsis of findings from all three LLI rounds and the conceptual underpinnings of the LLI research questions.

The concepts that are the subject and object within LLI – social capital and local capacity – are elaborated in **Chapter 2**. In the LLI framework, social capital makes up some of a household's (and, in the aggregate, a community's) asset

base, which may be more or less productive in helping communities solve common problems collectively (local capacity). **Chapter 2** also details the methods of data collection the LLI studies employed: a household survey, focus group discussions with community members, and key informant interviews with officials and community leaders. This chapter also discusses (briefly) site selection and provides a register of hypotheses to be tested and prior expectations held by the LLI analytical team.

To understand whether local capacity for solving problems has changed, **Chapter 3** summarizes the problems that communities face, using both quantitative and qualitative information to demonstrate changes. The chapter then looks at what (if any) collective response there is (or can be expected) for such problems, including whether the collective response was successful or less-than-successful, and who was involved in mounting the response. It provides a short case study of water management problems and their collective solutions as developed by villagers in a Central Java LLI location.

Chapter 4 delineates the proximate causes behind shifts in local capacity in LLI study villages, by looking at changes in asset bases (natural, social, financial, and human), political economy, and patterns of cooperation between actors that underlie collective responses to problems faced. A noteworthy conclusion from this chapter is that where capacity has been enhanced, the impetus has often come from within the village rather than from policies, regulations, programs, and initiatives originating outside it. **Chapter 4** provides brief summaries of the actual changes in assets, including human resources and the new



actors and agents on the scene, as well as the knock-on effects on local capacity from several LLI study villages.

Social capital – defined in the LLI studies as a household level variable consisting of the engagement of individual family-members in social activities – is the subject of **Chapter 5**. Comparing LLI1 and LLI2 survey databases, **Chapter 5** shows with household-level resolution what has happened to participation in community-based, collective activities since 2001. The LLI household survey databases are rich enough to examine which activity types have experienced the most change, as well as who (from the household) is participating and who (in the village more generally) is credited with establishing the group. Likewise, some of the “costs” and “benefits”, as households see them, of belonging to groups are summarized in this chapter. **Chapter 5** provides a first look at within-household dynamics and decision-making and finds that – contrary to trends in more formal

political and administrative structures – women are now accounting for far greater amounts of participation than men. Additional multivariate analysis in this chapter reveals how few identity-based barriers (based on observable household and individual characteristics) there are to group participation.

Chapters 6 and 7 are concerned with formal government and its interactions with community-level actors and groups. Both chapters attempt to diagnose whether, and to what extent, local government (Chapter 6) and above-village government and project spending determined outside the village (Chapter 7) supports or hinders good governance, development planning, and effective problem solving at the village level.

Chapter 6 recapitulates the national-level policy directions and regulations that have shaped the local and regional political environments. It summarizes responses to these policies, demonstrating that some villages protected

local-level checks and balances on the elected village executive, even when such features are absent from higher-level legislation. In high capacity villages, local-level institutions filter national legislation to keep it in line with village preferences and technologies for good governance.

Chapter 7 looks beyond the village to determine what role the district has performed in supporting village-level priorities for development spending, management of public resources, and inputs to decision-making processes. There is also a review of village-level experiences with participatory CDD programs, which in the case of contemporary Indonesia are funded largely by the central government. Villagers have positive impressions of the CDD model as practiced in their areas – reporting greater transparency, less corruption of funds designated for development, and higher satisfaction with CDD-procured outputs – but the CDD initiatives by themselves have not improved governance in lower-capacity villages.

Chapter 8 suggests conclusions and recommendations apposite for contemporary Indonesia, where debate continues on the limits and shape of decentralization and the extent of “locally-driven” development spending. There are boxes with LLI-based inputs for five different planning and policy initiatives currently either awaiting implementing regulations (the “master plans” for development and poverty reduction and the CDD “roadmap”) or being debated and revised in the national parliament (the laws on village administration and various pieces of legislation and policy plans that conflict with land and natural resource ownership and control rights as currently formulated). More generally, **Chapter 8** provides evidence-based advice on the overarching issue of interest to the LLI project: the potential positive synergy between local-level actors, their locally-developed solutions for achieving their goals and desires, and the formal governments (at any level) that *could* support

such efforts. There are three subtopics visited: suggestions for increasing the responsiveness of local and supra-local governments to community desires; for enhancing and providing low-cost access to the structures that produce accountability of formal government as it delivers goods, services, rights, and opportunities; and for encouraging formal government to take a more active (and impartial) role in conflict resolution, including between villages, sub-districts, or districts, when there are competing claims to productive, natural resources.

CHAPTER 1: INTRODUCTION

The Indonesian Local Level Institutions studies, carried out in 1996 (LLI1) and 2000/2001 (LLI2), sought to identify the preconditions for and constraints on **local capacity (defined as the ability to solve common problems collectively)** and the extent to which state structures complemented or impeded villages' problem-solving efforts (see Boxes 1 and 2). LLI1 documented the substantial local capacity that remained in spite of the New Order state's attempts to undermine community organizing, and documented the disconnects between villagers' collective action and local government. LLI2 reflected the early stages of three major

political developments – decentralization, democratization, and an emphasis on community control over decision-making in development programs – that began in the late 1990s. Each of these changes has involved continued shifts in power and other resources, between Jakarta and districts, officials and voters, as well as between elites and a broader cross-section of citizens.

The primary objective of the third round of the study (LLI3) is to trace developments in local capacity since the 2000/2001 round of the LLI study (LLI2). The current study also aims to link changes in local capacity to shifts in the influence of different groups of community-members over government decision-making, project implementation, and state resources at the district and village levels. The LLI3 findings seek to inform the Indonesian government's sub-national governance strategy, particularly the redesign of the *Program Nasional Pemberdayaan Masyarakat* (PNPM). The research also contributes a village-level perspective to debates over the dynamics and location of power in Indonesia (Hadiz 2010; Van Klinken and Barker 2009), as well as to broader discussions over the role of decentralized governance in improving welfare and political participation (Grindle 2007).

As background to the LLI3 research design (section II) and overall findings (section III), section I provides an overview of the effects that the past decade's policy changes, in particular the three major changes mentioned above, have had at the village level. These general patterns provide context for the specific changes that have taken place in the LLI villages.

1. Ambiguous policy changes in village governance since 2000

The post-Soeharto political changes towards more decentralization, democratization, and an emphasis on community control over decision in development programs, had the underlying assumption that improved responsiveness to



community-level demand will produce better development outcomes and strengthen local-level⁵ governance. However, as detailed below, each change contains contradictory elements, and the overall effect on government responsiveness and state-society relations at the village level is ambiguous.

Autonomy (almost) without control over resources. Since the turn of the millennium, Indonesia has shifted from a highly centralized and authoritarian bureaucracy to a democracy with delegation of resources and decision-making to district levels. With Laws 22 and 25 of 1999 on Regional Government and Fiscal Balance (which were later replaced by Laws 32 and 33 of 2004), the responsibility for public health services, education, economic development and more than 20 other government functions were decentralized to district (*kabupaten*) governments. Around one third of public spending in Indonesia is today done by district governments.

The decentralization laws have placed the village (*desa*) in a relatively stronger position in the administrative hierarchy. It is now the next level of government after the district, as the subdistrict (*kecamatan*) – which used to be the government level between the two – has been turned into an extension of the district. As implemented, however, the ability of village government to exercise this new power remains ambiguous – while the village is autonomous, it has little control over resources to support village development. Neither Law 32 of 2004 nor Government Regulation 72 of 2005 (deriving from the former) stipulate the management of natural resources, such as forests, by the village. The law and regulation only allow villages to get revenue from such things as village-owned markets, quarrying charges, minibuses entering the village, villagers' contributions, etc., which constitute a small proportion of village budgets. Most

forests, for example, are controlled by the central government. The central government issues rights to private companies to exploit the forests for various purposes, but the boundaries of the concession often overlap with areas that villages claim to be their *ulaya* – land and forests that for generations have been recognized as belonging to the village – leading to conflicts as found in many LLI3 villages. District governments may initiate resolutions that favor the villages, but such district-level decisions could be easily overturned or not recognized by national regulations.

Lacking sufficient funds, villages are dependent on transfers from the supra-village governments. In 2009, a village typically got development funds of between IDR 250 million and IDR 500 million (Antlov and Eko, 2012). However, many villages have less than half that sum to manage in their village budget, known as APB Desa. Most of these village budget funds come from the district grants, known as *Alokasi Dana Desa*⁶ or ADD (Village Allocation Funds), which finance operations and development activities.⁷ Other funds (off-village budget funds) come from projects from higher levels of government, particularly the central government through PNPM, its community-driven development (CDD) program. District-level projects, especially from various technical agencies, are pre-determined (e.g., types of training, agricultural inputs and tools, cattle, etc.). Villages just accept them as they are (see Chapter 7 for further discussion of LLI3 village development funds).

Starting in 2008, villages were required to develop a medium term village development plan (*Rencana Pembangunan Jangka Menengah*, RPJM Desa) and annual work plan (known as *Rencana Kerja Pemerintah*, RKP Desa), with very

5 While “local” often refers to the district (*kabupaten*) level in discussions of Indonesian governance, the LLI studies use the term to describe village (*desa*) government and social structures.

6 Some districts call these grants *Dana Alokasi Desa* (DAD). However, the abbreviation ADD is more widely known. Districts develop their own formula to allocate the grant to villages, using common variables such as population size and number of poor households.

7 The district budget (APBD *Kabupaten*), the source of ADD funds for villages, allocates more to salaries than to development. In 2011, more than 60% of 491 districts/municipalities spent more than half of their budgets on salaries. (Kompas, 27 November 2012)

limited support from the districts. In 2010, PNPM started to assist villages to develop their village development plans. However, there are no rules for supra-village agencies to use or refer to for the village development plan of the village they work in. District agencies are required by law to refer to the district medium-term plan, not to the medium-term village development plans. Consequently there is a disconnect between the two plans. Having their own objectives, funds and mechanisms, supra-village government programs hardly ever bother to refer to the medium-term village development plans. These plans are therefore often by-passed by supra-village projects, including by the district (Suhirman and Djohani 2012; Percik 2012).

In sum, despite autonomy, development is mostly driven by supra-village agents. Villages remain dependent on district and central government allocation decisions and have meager funds to support local priorities.

Democracy without checks and balances.

Electoral democracy has inarguably blossomed in Indonesia during the past decade. Parties have proliferated, and a series of elections have been held, with direct election of executives, including village heads and legislators. More political space has been afforded civil society groups, especially at the district level, some of whom are successfully working with elected officials to improve responsiveness to local needs (Antlöv & Wetterberg 2011; Freedom House 2011). In spite of openings in the democratic landscape, however, high educational requirements and escalating campaign costs effectively limit the opportunities to stand for office. As a result, many of the same elites retain control of district executive and legislative offices as during the New Order (Buehler 2010).

At the village level, there has also been a contradictory institutional development. A year after the fall of the New Order, Law 22 of 1999 on Regional Governments was passed, to be

enforced in 2001. A “radical” change from the existing, heavily central-controlled law (Law 5 of 1979), it introduced a legislative body or a village representative council with elected members (*Badan Perwakilan Desa*) BPD or Village Representative Body) to provide checks and balances in village government. With this law, a village head was accountable to the representatives of the villagers (BPD) and to the head of the district that provided funds for villages. Villages were no longer accountable to the sub-districts. Village heads also had direct access to the district head. Villagers, as recorded in the LLI2 villages⁸, welcomed the elections of their representatives to watch over the village executive; it meant that villages were becoming like any other level of government above it. BPD members, on the one hand, felt empowered, being directly elected by villagers to oversee the village government, although most were still unsure about what the BPD really was and how it could function properly, as little capacity building, or supervision, was provided to members. On the other hand, many village heads felt unhappy as they no longer had uncontested control of the village as they had done during the New Order. Relations between the two – the executive and legislative bodies – were turbulent in many villages. Often the chair of the BPD was the rival of the village head in the village head elections; although the rivalry may have started long before the village head and BPD elections. The elections simply provided another open arena for this power struggle. Some village heads tried to “tame” their rivals, deliberately working to have them elected as chair of the BPD, hoping that it would ease the tension. That worked in some cases. In other cases, however, the rivalries continued and village heads complained that they could not run the government effectively as the BPD regularly blocked their programs.

Before the dust settled, and without sufficient time for the law to work, Law 22 of 1999 was

⁸ The LLI2 study was underway when the law was enforced. At that time 50% of LLI villages had elected their BPDs.

replaced by Law 32 of 2004, showing a change of heart by the central government. Hence, the radical change was not viewed as a genuine intention for change but more as a necessity under the circumstances at that time: “Given the political context in which the legislation was introduced [Law 22 of 1999], regional autonomy had to be understood primarily as a policy instrument directed towards national preservation, with questionable commitment from Indonesia’s national elite” (John F. McCarthy & Warren 2008, 4).

The new law provided more authority to the province to supervise the districts and introduced popular election of governors and district heads in provinces and districts.⁹ As far as villages were concerned, one significant change was the disempowerment of the BPD, as a result of lobbying by the village head association which has felt that the BPD created conflicts and paralyzed village government (Antlov and Eko 2012). The new law stipulated that BPD members should be appointed by consensus by community leaders and other elites. The name was also tweaked, to *Badan Permasyarakatan Desa* (Village Consultative Body). While exactly the same abbreviation (BPD) was retained, the meaning is significantly different. The previous name, *Badan Perwakilan Desa*, referred to (elected) representation, while the new one refers to consensus-building, subordinating the BPD or legislative power under the village head.

Under the present system, BPD can only give advice or input into decisions; it does not have control over the village government. The village head is accountable only to the district head (submitting an annual report to his or her office), and to the community through elections every six years. The village head basically has a free hand to govern as he/she sees fit.

⁹ The law is now being revised and may include the revision of governor elections, from direct popular vote to a return to parliamentary vote.



Further changes to village government may still be in the pipeline. At the time of writing, pressure to give more power and resources to villages has led to the preparation of a separate village law. Two contentious issues include debate over (1) whether villages are autonomous, in a similar way to districts, or administrative units under the district, and (2) the proportion of the state budget to be allocated to villages, which could double the funds villages receive today.

Patching the gap through participatory development projects. Over the past decade, the Indonesian government has increasingly involved citizens in community development, with priority projects identified and funds allocated through planning mechanisms at village and subdistrict levels. The Indonesian government – with support from the PNPM Support Facility (PSF) – has participated in this shift with their KDP¹⁰ /PNPM portfolio of programs, which transfer funds to sub-districts to encourage the participation of a broad swath of villagers to identify development priorities and to allocate these resources equitably across the subdistrict. Originally operating in only a handful of subdistricts, PNPM has grown to support service delivery, infrastructure

¹⁰ KDP, or Kecamatan Development Program, is the predecessor of PNPM Rural.



improvement and other priority investments in all of Indonesia's rural districts and more than 60,000 villages. Through PNPM, communities have shown that with support, funding and opportunities they are capable of planning for quite complex projects (see, among others, Voss 2008; Syukri et al. 2010; Barron et al. 2011).

Such CDD programs emphasize participation, transparency, and accountability in their operations. The intent is that these practices will be more broadly adopted and integrated into village governance. Assessments have shown, however, that the extent to which such principles proliferate beyond project activities depends largely on the skills of the program facilitators. As CDD projects have proliferated to cover all villages, ensuring high quality facilitation has been an accompanying challenge (AKATIGA 2010; Sari, Rahman, & Manaf 2011). The extent to which CDD programs really embody the expected principles is thus variable, as are the possibilities for transfer of principles and structures beyond the programs (Barron, Diprose, & Woolcock 2011). The overall patterns remain unclear. Given the weak accountability mechanism and limited funds for villages to manage, CDD projects, such as PNPM, appear to serve as a stopgap, to facilitate villagers to participate actively in their village development through projects, rather than institutionalized mechanisms for providing input to village government leaders in the use of community resources.

In summary, the shifts in democratization, decentralization and CDD projects have signaled some positive changes at the village level. However, these shifts have not yet resulted in institutionalized practices that consistently empower villages to have more control over their village leaders and voice in the direction of their development.

BOX 1:

Summary of major findings from first round LLI research (LLI1)

I. Positive link between social capital and household welfare

Households with high social capital stocks have higher expenditure per capita, more assets, higher savings, and better access to credit. The main reasons given for joining groups are benefits for household livelihood and protection against future risk. Social capital plays a role in household welfare through (i) sharing of information among association members, (ii) reduction of opportunistic behavior, and (iii) improved collective decision making. The effect of social capital stocks on household welfare is roughly similar to that of human capital endowments. Returns to investments in social capital are higher for the poor than for the general population.

II. Strong local capacity for collective action

More than 80% of households surveyed in the first round participated at least once in community activities to meet collective needs during the past year. Communities plan and implement almost as many projects as the government does, and community projects are better able to reach intended beneficiaries and considerably better at maintaining completed projects. Even communities with relatively weak organizing capacity have effective groups and projects, but they are fewer, smaller scale, and tend to be undertaken at the neighborhood, rather than the village, level.

III. Government does not work well with the existing capacity

In general, the Indonesian government has not been successful in working with existing capacity to improve planning and implementation of projects and services. Collaborations tend to take place within communities, with similar groups rather than with government. Eighty percent of linkages outside the community are with groups not initiated by government. However, communities with high organizing capacity tend to have better performing village governments, pointing to improved accountability and participation in government decisions in communities that are better able to organize.

IV. Disconnect between communities and government

Village level government tends to represent higher levels of government, rather than village constituents. The government has undermined local capacity through restrictions on organizing projects and services, as well as low levels of support for community-initiated projects (12% of funds come from the government with the remainder largely raised by community donations). The government's bottom-up planning process is not responsive to locally identified needs and does not reward better organizing capacity. Mismanagement of project funds and failure of government-initiated projects has led to disillusionment with government provision of services.

Exceptions occur in cases where pro-active village heads (found in less than one third of communities) are able to facilitate linkages between government and community leaders and mediate in conflicts. In cases where village heads are not seen as cooperative, the only option is to break off relations (more than half of active community groups report no active involvement with village head). Communities with the lowest organizing capacities also have the worst performing village governments.

V. Government barriers have resulted in institutional gaps

Largely due to restrictions on private service provision, institutions that could have important consequences for poverty alleviation and political development are missing at the community level. Most notably, groups for collective production and marketing, environmental management, and political organizations aside from village government are absent.

Sources:

Chandrakirana, Kamala. 1999. "Local Capacity and Its Implications for Development: The Case of Indonesia." World Bank/Bappenas, Local Level Institutions Study. Jakarta.

Evers, Pieter. 1999. "Village Governments and Their Communities." World Bank/Bappenas, Local Level Institutions Study. Jakarta.

Grootaert, Christiaan. 1999. "Social Capital, Household Welfare and Poverty in Indonesia." World Bank, Social Development Department, Washington, D.C.

Grootaert, Christiaan. 1999. "Local Institutions and Service Delivery in Indonesia." World Bank, Social Development Department, Washington, D.C.

II. Summary of the LLI conceptual framework ¹¹

The conceptual starting point of the LLI studies is that state-society synergy is possible, by increasing the responsiveness and accountability of government. There is some debate over whether synergy, defined as active governments and mobilized communities enhancing each other's developmental efforts (Evans 1996; Varda 2010), is attainable. Some observers argue that the state is ill-positioned to create synergy (Fukuyama 1995), but others find that the state can effectively strengthen community mobilizing efforts (Varda 2010, 899, citing Huntoon 2001; Warner 1999 & 2001). The state is itself a contested entity, reflecting shifting alliances and boundaries with other social groupings (Migdal 2001). Whether the state supports, undermines, or operates separately from local problem-solving efforts is thus a reflection of the boundaries drawn between state and society and what segments of society are represented by the state.

To assess shifts in state-society relations, the LLI studies rely on the concept of *local capacity*, defined as the ability to solve common problems collectively. Local capacity can be broken down into several elements (Bebbington, Dharmawan, Fahmi, & Guggenheim 2006, 1962-1963):

- *Assets* include both tangible resources, such as materials and money, and an organizational infrastructure that villages can use to mount a collective response to problems. The organizational landscape is the aggregate of household social capital (see Chapter 2). Access to organizational assets, such as physical resources, may be distributed unequally across a community.
- *Political economy* captures the power relations within the village (including the basis, status, and attitudes of local state and non-state leaders) and the

related distribution of assets. Further, the concept includes power relations with external actors (business, higher levels of government, NGOs, etc.) The political economy determines which and whose problems are addressed collectively and also relates to problems created by specific constellations of relations and connections (elite monopolization of input/output channels, companies' claim to natural resources, corrupt officials, etc.).

- *Sources of capacity* shifts are linked to three sets of actors. Changing patterns of collaboration and conflict in a community can be due to cooperation (or lack thereof) between villagers themselves. Capable leaders within village government may also account for shifts in collective mobilization to respond to common problems. Finally, connections outside the community are often instrumental to successful problem-solving efforts (Chandrakirana 1999; Dharmawan 2002).

Each of these elements of capacity may or may not be linked to the state. For example, the organizations that are used to mobilize a collective response could be government-mandated, or networks that have emerged independently from government. Resources mobilized to address a common problem may come from private sources or from government programs and services, or a combination. Similarly, to the extent that capacity relies on leadership, it may be provided by state or non-state leaders. For each of the elements of capacity, the extent to which state actors, organizations, resources and rules are positive contributors to problem-solving efforts provides evidence of synergy.

LLI3 is the third round of the longitudinal LLI studies, which have used a combination of comparable qualitative and quantitative methods to assess local capacity (see Chapter 2

¹¹ For details, see Chapter 2.



for details). Given the qualitative nature of much of the data gathered, the purposive selection of research locations, and the small size of the sample, it is important to note that this research is not representative of Indonesia as a whole. Rather, the study consists of a collection of detailed longitudinal case studies of the role of local capacity and state-society relations in community welfare in seven of the country's almost 500 districts.

BOX 2: Summary of LLI2 findings

The second round of the LLI study in 2000/2001 took stock of social capital, local capacity, and state-society relations since LLI1 in 1996.

I. Shifting organizational landscape: There was a decline in memberships in government-initiated groups, which many households had replaced with participation in

II. Problem-solving capacity remains: Sixty-five percent of problems identified by villagers were completely or partially solved. Unsolved problems were often those of overwhelming scope. Capable village officials could augment village capacity to solve non-local problems, but if such official willingness or ability was absent, high capacity communities found external agents to help them address non-local problems. Higher levels of organizational membership were associated with higher local capacity *but* more frequent participation in mandatory organizations was associated with lower capacity. There was also a tendency for low capacity communities to enter a vicious cycle; past inability to solve problems undermined cooperation and sometimes increased competition such that new challenges were even more unlikely to be overcome.

III. Some opening of village government, but little effect on outcomes: In spite of political changes underway after 1998, villagers reported little participation in planning, with women and poor households particularly unlikely to participate. Government projects show some increased opportunities for villagers to contribute to decision-making, but most projects still produce unsatisfactory outcomes. Villagers had initiated protests against many village leaders, but these rarely brought lasting change. Even for newly elected village heads who were more open to community input, good intentions were difficult to sustain as there had been little change in surrounding institutions, such as accountability mechanisms, and means of rewarding better performance. The BPD were operating in some villages but faced the same limitations as other officials (no clear expectations of improvement, passive, inadequate compensation).

IV. Recommendations: Further decentralization should ensure that local government enhances local problem-solving capacity and needs for accountability mechanisms. An important element of reform is to introduce a reward structure that encourages village officials to identify local needs and support community problem-solving efforts.

External projects should identify how resources are best channeled into the community to integrate with local problem-solving efforts and with local government channels. Designs need to include mechanisms to merge community and government leadership roles in project implementation to allow for selection of individuals with the most appropriate skills, connections, and resources in a given project.

Sources:

Bebbington, A., Dharmawan, L., Fahmi, E., & Guggenheim, S. 2006. Local capacity, village governance, and the political economy of rural development in Indonesia. *World Development*, 34(11), 1958-1976.

Dharmawan, L. 2002. "Dynamics of Local Capacity and Village Governance: Findings from the Second Indonesian Local Level Institutions Study. Central Java Report." Jakarta: World Bank.

Wetterberg, Anna. 2002. "Social Capital, Local Capacity, and Government: Findings from the Second Indonesian Local Level Institutions Study." Jakarta: World Bank.



III. Summary of LLI3 findings

Using the concepts and methods outlined above (and detailed in Chapter 2), the LLI3 study aimed to answer five research questions. The findings relevant to each question are summarized below.

1. What local capacity exists to solve common problems? How has this capacity changed?¹²

Compared to LLI2, the total number of problems reported declined; this finding may reflect a more “normal” level of collective challenges during LLI3 compared to the highly turbulent end of the millennium, when Indonesia experienced political transition, economic crisis, and social discord. However, a smaller proportion of problems was also responded to collectively in 2012, and with slightly lower rates of success, indicating a general pattern of decline in local capacity. At the aggregate level, the decline is partly explained by a rise in the proportion of problems of overwhelming scope, such as high input and low input prices and costs of health and education services. Villages mobilize less often in the face of such problems and are rarely able to resolve them when they do organize.

¹² See Chapters 3 and 4 for details.

Analyzing problem-solving by village, the greatest number of villages had no change in capacity since LLI2. This group largely experienced self-reinforcing higher capacity; villages considered high or medium capacity in LLI2 have been able to draw on existing assets and social structures to address and solve problems faced during the intervening years. Roughly equal numbers had reduced and increased problem-solving abilities compared to LLI2 and enhanced local capacity, indicating that unaddressed and unresolved problems are concentrated in a few villages, rather than spread evenly across the study communities. Villages with declining capacity are most concentrated on Java, and tend to face deteriorating assets (natural resources and reciprocity) and less responsive village officials. In contrast, Jambi villages are more likely to have increased problem-solving capacity since LLI2. Interestingly, some LLI2 low capacity villages which were expected to spiral down as they would be unable to deal more with problems, have improved their capacity with improvements in assets largely due to villagers’ own efforts.

2. What factors influence variations or changes in local capacity – to what extent do factors controlled by the community account for variation and

*change? To what extent do factors beyond the community's control explain differences?*¹³

Cooperation among actors in the village influences shifts in capacity. Villagers continue to mobilize in response to collective problems, organizing water usage schemes, rotating labor groups, and technical solutions such as micro-hydropower plants; but there are also some signs that collaboration between villagers is declining. Participation in community activities has decreased, as have rates of collective problem-solving. However, the study also found that in upland areas in Jambi, resilient *adat*¹⁴ systems remain a means of mobilizing community members for problem-solving efforts, mediating inter-elite conflict, and holding both state and community leaders accountable.

Collaborating with reformist officials, particularly village heads, is an important factor in strengthening capacity. High capacity villages tend to have more responsive village heads and declining capacity villages lack them. Village heads have gained prominence with decentralization and those with strong networks can bring resources to the village to enhance capacity. However, if these new resources benefit only a small group, capacity is undermined due to other villagers' dissatisfaction, unwillingness to collaborate, and internal conflicts. A village head is likely to be reformist if there are accountability mechanisms from the community (using *adat structure*) or other state institutions (BPD, and potentially, district government). Where such mechanisms exist, there are numerous examples of officials in LLI villages collaborating with community members to address problems.

Shifts in corporate control over natural resources and political competition at district and provincial levels have provided opportunities for villages to strengthen problem-solving capacity. Collaboration with the district and other external

agents can turn out to be important to assist in solving problems. Often, however, taking advantage of opportunities and arranging collaborations depends on having a pro-active village head to pursue these resources *and* use them to address villagers' problems. In LLI2, villagers in high capacity villages are able to circumvent an uncooperative or incompetent village head to access external resources for problem-solving. With the concentration of funds at the district, however, the village has become a more critical actor, whose cooperation is needed to benefit from district help.

3. What effect has changes in local capacity had on poor and marginalized groups in the community? How are these different from effects on other residents?

The LLI3 qualitative instruments were revised from prior rounds to provide more details about the involvement of poor households and women in problem-solving efforts. Unfortunately, it proved difficult for field researchers to hold separate focus groups with the intended participants. The LLI3 data are therefore not able to provide detailed analysis in response to this research question.

Given the strengthened role of the village head in local problem-solving, however, it is notable that women have not gained access to this office in the LLI villages. In LLI2, there was one female village head; in LLI3 there were none.¹⁵ Further, there are few signs that women are running for office. While women are active in the BPD in some villages in Java and NTT, and women continue to lead village groups, the most influential and resource-rich positions in the village government continue to be occupied by men.

¹⁵ One woman had been elected village head in the *desa induk* of one of the villages that had split since LLI2. The LLI3 field researchers focused their primary efforts on the other part of the split village, in which most of the population lived and in which the same village head remained as in LLI2. It was noted, however, that the female head in the smaller village was a stand-in for her husband, who was still working as a civil servant and was therefore ineligible to stand for office.

¹³ See Chapters 4, 5, and 6 for details.

¹⁴ *Adat* refers to customary law or tradition.

Within households, however, the survey data show that women have become much more active than their husbands in social activities.¹⁶ While participation has decreased overall, women have shifted from a minority share in participation in the most popular activities to a majority share. In particular, women's participation has increased in social service, credit/finance, and religious activities. Notably, however, there has been no increase their participation in workers/governance activities, indicating that barriers to women's involvement may remain in these groups.

The quantitative data show that there are no entry barriers to participation in activities and group based on education, income, or other household background characteristics.

*4. What is the relationship between local capacity and local government – what implications do changes in local capacity have for local governance? What effect have changes in government at the village and district levels had on local capacity?*¹⁷

Village government plays a larger role in collective problem-solving efforts than in LLI2. As noted, the office of the village head has been substantially strengthened since LLI2, with increased resources at the district level. Reformist, pro-village village heads are able to help villagers solve their collective problems and improve village development, especially when they are externally well connected. The position is also more open to a broader range of candidates than in the past. Autocratic and unresponsive village heads, on the other hand, thrive at least during their term as there is no effective formal mechanism of control in the village. They use their position to (disproportionally) benefit themselves, including supporting their political career.

Higher capacity villages are able to hold elected village heads accountable. Noticeably better LLI3 village governments tend to have functioning



control mechanisms of *adat* rules or a BPD operating according to the body's original conception. Without these, villages rely mainly on electoral accountability, although there are some encouraging signs that they have learned to use protests more effectively than in LLI2. In sum, strengthening the village head does not translate directly to strengthening the village community. Additional accountability mechanisms are needed to engender synergy between strengthened village heads and their constituents.

Changes in BPD structure have undermined capacity, weakening villagers' ability to monitor the village head and ensure that village government is working in the broader collective interest, rather than for exclusive benefit of individuals or elites. District government is not filling the accountability void left by the BPD as

¹⁶ See Chapter 5 for details.

¹⁷ See Chapters 6 and 7 for details.

districts provide little supervision and monitoring of whether funds are used as intended or programs benefit villagers. Districts have few mechanisms to identify local needs, but for the most part are responsive to village officials when they lobby or pro-actively seek out district officials. Districts have far greater resources for villages than ever before, but funds rarely address local priorities or problems. Many supra-village government projects remain pre-determined.

*5. What, if any, has been the role of PNPM in enhancing local capacity and improving the quality of local government?*¹⁸

Participatory projects, including PNPM, are more likely to reinforce existing capacity, rather than facilitating governance improvements in lower-capacity villages. Such programs work better in high capacity villages; in low capacity villages, levels of participation have remained more or less the same. High capacity villages are better able to take advantage of the open planning and decision-making in these projects.

IV. Organization of report

The report is organized to allow the reader to focus on particular aspects of the study. Those who wish to further familiarize themselves with the conceptual framework underlying the study and the methods used should continue to Chapter 2. Readers interested in specific elements of the research can skip ahead to subsequent chapters, which loosely correspond to the research questions. Chapter 3 outlines the problems villages face and assesses overall capacity, while chapter 4 identifies existing capacity and factors underlying changes in problem-solving ability. Chapter 5 focuses on changes in the organizational landscape, and household participation in the groups and activities of which it is composed. The role of the



state in problem-solving is addressed in Chapter 6, which concentrates on village government, and in Chapter 7, which describes the changing role of the BPD, district, and participatory projects, such as PNPM. These chapters present detailed data from the LLI3 research, closing with a short overview of results and implications. Chapter 8 focuses on the general implications of the findings.

¹⁸ See Chapter 7 for details.

CHAPTER 2: CONCEPTUAL BACKGROUND, RESEARCH DESIGN AND METHODOLOGY

Conceptual background¹⁹

The conceptual starting point of the LLI studies is that state-society synergy is possible, by increasing the responsiveness and accountability of government. There is some debate over whether synergy, defined as active governments and mobilized communities enhancing each other's developmental efforts (Evans 1996; Varda 2010), is attainable. Some observers argue that the state is ill-positioned to create synergy (Fukuyama 1995), but others find that the state can effectively strengthen community mobilizing efforts (Varda 2010, 899, citing Huntoon 2001; Warner 1999 & 2001). The state is itself a contested entity, reflecting shifting alliances and boundaries with other social groupings (Migdal 2001). Whether the state supports, undermines, or operates separately from local problem-solving efforts is thus a reflection of the boundaries drawn between state and society and the segments of society that are represented by the state.

From this perspective, a critical aspect of improved government responsiveness is to enhance, rather than displace, existing local capacity to organize and engage in development

activities. As LLI1 showed, in spite of three decades of government efforts to deliver uniform programs through state-imposed structures, communities retained varying capacities for autonomous problem-solving through collective action (see Chapter 1, Box 1). During the New Order, in its drive for control through uniformity, the central state was the main driver of change, repressing and undermining local initiatives. Local capacity survived *in spite of*, rather than supported by, government. While LLI2 found nascent shifts in village government towards greater openness and concern for community needs, significant gaps remained between community priorities and official efforts in 2000/2001 (see Chapter 1, Box 2).

The past institutional environment in Indonesia produced patterns of disconnect between villagers problem-solving efforts and government processes (Antlöv 2003; Evers 2003) or, worse, monopolization of benefits by governing elites, including misuse of public resources, to the detriment of villagers' mobilizing to address problems (Hadiz 2010; Priyono, Samadhi, & Törnquist 2007). Ideally, the three political shifts – decentralization, democratization, and an emphasis on community control over decision in development programs – outlined in Chapter 1 provide opportunities to re-enhance local capacity through state-society synergy. Because of the ambiguity of these shifts and the persistence of past practices, such as a large public service budget under the control of central government despite decentralization, the reality may be far from this ideal in many parts of Indonesia, where predatory elites hold sway (Hadiz 2010) and neo-patrimonialism in which loyalty is secured by using state resources is the dominant pattern of state-society relations (van Klinken & Barker, 2009). However, others see encouraging evidence of synergy; in one long-studied urban community in Yogyakarta, Guinness (2009, 251) finds that “[s]ince the demise of the authoritarian New Order... it is even less obvious that communities are simply the agents of state

¹⁹ The research questions (see Chapter 1) are based on these concepts..

policy. What seems evident is that communities and individuals in those communities have their own interests and strategies which somehow accommodate those of the state in a relationship where neither is supremely dominant and the balance is constantly changing.”

LLI3 is an empirical investigation of the patterns of state-society relations in the research sites and what their implications are for villagers’ efforts to address problems. We look at “historically specific constellations of power and interest” (Hadiz 2010, 7) and their consequences for and interactions with local capacity over the three rounds of the LLI study.²⁰ Even slight or partial shifts in power relations between the village head and villagers, as well as between the village and supra-village governments may have an effect on what problems are addressed, the extent to which they are resolved, or whose problems are viewed as collective issues worthy of attention. For instance, the reduced control of the military over timber and mining concessions during the past decade has enabled villagers to negotiate directly with companies over access and distribution of benefits (Wollenberg 2009, 251). Although communities may not be equal partners in these negotiations, and village elites continue to benefit disproportionately from natural resources, the changing political landscape has opened up a means of addressing resource competition that was not available a decade ago. Focusing on small changes shifts the emphasis from “understand[ing] how predatory systems of power remain resilient” (Hadiz 2010, 3), to tracing a possible emergence of elements of a developmental state (Evans 1995) by focusing on government officials’ behavior (Migdal 2001).

Social capital and local capacity

To assess shifts in state-society relations, we use two key concepts: social capital and local capacity. *Social capital* has taken on a variety of meanings

²⁰ The techniques and analysis share elements of the political economy approach (Manor 2011, Powis 2010).



in a range of contexts.²¹ For the LLI research, we define social capital as the information, trust, and norms of reciprocity originating from individual’s social networks (Woolcock 1998). This definition clearly treats social capital as a resource belonging to individuals, rather than an asset held collectively by the community. Even though organizations and networks, which are undoubtedly community-level features, are critical to the definition of social capital, we focus

²¹ Social capital sometimes refers to social ties held by individuals, as in the original definitions by Coleman (1988) and Bourdieu (1979), and other times as a communal resource, (as Putnam applies it in his study of Italian governance (1993)). Social capital at times describes social ties themselves, but in other research also encompasses the benefits that accrue to these ties (Portes & Sensenbrenner 1993). Some definitions of social capital are synonymous with trust (Fukuyama 1995), while others use the term to mean social structures such as networks and associations (Coleman 1988; Putnam 1993). Finally, the use of the “capital” metaphor implies that social capital is always a positive resource that facilitates transactions and accumulation of wealth. However, as empirical studies have shown, the values and networks that social capital embodies can entail serious costs in the form of downward leveling norms, elite capture, and demands on successful members (Portes & Sensenbrenner 1993).

on the participation and membership in these networks as embodying social capital itself. To operationalize the concept, we use social capital as a household-level variable made up of individual family-members' engagement in social activities. At the household level, social capital stocks allow us to analyze families' participation in organizations and communal activities, to break these down by state and non-state sponsorship, and to link these levels to household characteristics (such as wealth, size, gender of household head). Comparing differences in household patterns of social capital across the community reveals which subsets of villagers are marginalized from organizational life and state organizations, and can point to consequences for household welfare (Wetterberg 2007).

We define *local capacity* as the ability to solve common problems collectively. Local capacity relies on organizational resources evident in social capital, but is a community-level phenomenon. Local capacity can be broken down into several elements (as discussed in Bebbington, Dharmawan, Fahmi, & Guggenheim 2006, 1962-1965):

1. *Assets* – or capitals are resources villagers can mobilize to solve problems. They are not just things people have but also sources of their power. They include natural, human, financial, physical, cultural and social capitals. For example, the natural resources a community has and the community's rules about how to manage or exploit these resources for their livelihood are assets that become the basis of their capacity. Their skills, their alliances and networks, their financial resources and so on, also affect their ability to solve problems.
2. *Political economy* – captures power relations within the village and with external actors (business, higher levels of government, NGOs, etc.). The success of the resolution to a problem depends not only on the

assets but also on community's relative power vis-à-vis other actors. The political economy also relates to problems created by constellations of such relations and connections (elite monopolization of input/output channels, companies' claims to forests, corrupt officials, etc.) and which/whose problems are addressed collectively.

3. *Sources of capacity shifts* – capture the patterns of cooperation (or lack thereof) between actors. There are three pathways that can increase (or decrease) the ability to resolve problems collectively: cooperation between villagers themselves (relatively independent from the government), cooperation between villagers and reformist leaders within the village government, and cooperation with external agents.

Methodology

Following LLI1 and LLI2, the third round study used both qualitative and quantitative methods. Given that a key rationale for another LLI round was the longitudinal nature of the research, LLI3 replicated the study designs of LLI1 and LLI2 wherever relevant, as some changes were made from one round to another, following changes of context and objectives (see Table 1). LLI3 returned to the same research areas as prior rounds, and repeated relevant instruments and data gathering techniques to enable direct comparisons and tracing of events over time. Given the qualitative nature of much of the data gathered, the purposive selection of research locations, and the small size of the sample, it is important to note that this research should not be considered representative of Indonesia as a whole. Rather, the study consists of a collection of detailed longitudinal case studies of the role of local capacity and state-society relations in community welfare in seven of the country's almost 500 districts (see *Site selection*, below).

Table 1. Comparison of research approaches

	LLI1 (1996)	LLI2 (2000/2001)	LLI3 (2012)
Key issues	Local capacity Social capital Village governance	Local capacity Social capital Village governance Crisis response	Local capacity Social capital Village governance District governance PNPM
Research methods	Qualitative data collection HH survey	Qualitative data collection HH survey Ethnography	Qualitative data collection HH survey
Districts (re-)visited	1. Batanghari 2. Merangin 3. Banyumas 4. Wonogiri 5. Ngada 6. Timor Tengah Selatan	1. Batanghari 2. Merangin 3. Banyumas 4. Wonogiri 5. Ngada	1. Batanghari 2. Merangin 3. Muara Jambi 4. Banyumas 5. Wonogiri 6. Ngada 7. Nagakeo
Number of villages	48	40	20

For the qualitative part of the study, researchers conducted interviews with relevant key informants at district and village levels, such as the district head (or secretary), officials from district offices (planning, rural/ community development), district parliament (DPRD) members, NGOs/CSOs, village heads, representatives from BPM/LPM,²² and religious/ *adat*/community figures (see Figure 1). The interviews helped collect data on, among others, problem solving; leadership, network and institutional profiles; as well as projects profiles (including PNPM).

The study conducted a series of focus group discussions (FGDs) with community members. Topics of the FGDs were:

1. Land use, power relations, and natural resources threats – this information was used to analyze the organizational landscape, dynamic of power relations, potential/real conflicts, and environmental problems.
2. Production, consumption, threats to survival and getting ahead – this information was used to analyze livelihood patterns, the organizational landscape, basic needs problems, getting ahead problems, and services.
3. Government – this information was used to analyze planning, implementation and decision-making in development programs/projects; perception of the government's role; quality of services (including maintenance); and participation, transparency and accountability.
4. Problem-solving – this topic utilized data collected from other FGDs to analyze problem-solving capacity at community level. The analysis included understanding causal factors of problems, analysis of roles in problem-solving, as well as identifying leaders, network and institutions.

²² BPM (*Badan Pemberdayaan Masyarakat*) or LPM (*Lembaga Pemberdayaan Masyarakat*) refers to community empowerment organization/body at the village level.

For the quantitative part, the study conducted a panel household survey using the following modules for the questionnaires:

1. Household characteristics and consumption
2. Household involvement/membership in organizations (formal and informal) and the benefits
3. Common problems that households faced in their areas
4. Patterns of ownership of land and other resources
5. Social interaction and trust
6. Recent crisis and crisis resolution mechanism
7. Village government (satisfaction, transparency and accountability)

In this report, data from the household survey is primarily used for descriptive analysis of aggregate patterns.

Site selection. For LLI1, districts were chosen to ensure geographic and socio-economic variation. Batanghari and Merangin districts represent Sumatra, which has mostly plantation and cash crops (rubber, palm oil, coffee, etc.) and relatively good transport infrastructure and a mid-range population density. Banyumas and Wonogiri districts represent the island of Java, which is the most densely populated area of Indonesia. Ngada and Timor Tengah Selatan (TTS) districts represent Eastern Indonesia, which is more arid, less densely populated, and has lower average incomes than the western part of the country.

Village research sites were chosen to capture upland and lowland communities with varying access to the sub-district capital. For LLI1, 48 villages were included; 40 of these remained for LLI2, as TTS was dropped from the second round due to security concerns. For LLI3 qualitative work, twenty villages were revisited (eight each from Jambi and Central Java, four from NTT). The selection aimed to represent the range of capacity in each district identified in LLI2 (high, medium, low). For the quantitative work all 40 villages were

revisited, re-interviewing 1,200 households.

Timing. The research team was in each district for ten to twelve weeks: one week in the district capital and two weeks in each village, and allowing time to consolidate and clean data between villages. The research team began their time in each district spending about three days in the capital to gather contextual data, after which they conducted the village data collection. Once all village data were complete, the team returned to the district capital to follow up on information identified by villagers, and to complete documentation of village data.

Hypotheses²³

As explained in the conceptual framework, the LLI studies are based on the assumption that higher local capacity is desirable, as is the government's support of villagers' problem-solving efforts. Based on these assumptions, we developed a series of hypotheses. Below, we briefly summarize the findings relevant to each hypothesis; Chapter 8 provides an overall summary of findings and a more coherent set of conclusions and implications.

1. Throughout the research areas, we expect a general quantitative decline in the significance of organizations designated as mandatory²⁴ in LLI2, as central state's control has relaxed. However, in locations where these organizations played a part in problem-solving efforts in the past, we expect them to have persisted.²⁵

Finding: Contrary to our hypothesis, government appears to have maintained or increased its role in the establishment of formal organizations, especially

²³ Note that answers to some hypotheses require further analysis.

²⁴ Mandatory organizations were those previously legislated by government to exist in every village: RT/RW, Dasawisma, PKK, Karang Taruna, and LKMD/LMD.

²⁵ Persistent "mandatory" organizations may or may not have a continued connection to the state. In some LLI2 villages, neighborhoods were important organizing structures, but were operating without connection to the state. Similarly, Guinness (2009) describes how Rukun Kampung structures, abolished by the state in the 20th century, continue to organize community life in one Yogyakarta community.

in Java and to a lesser extent in Jambi. However, the state's role in formal organizations has continued to decline in NTT. The prominent role of the state is also reflected in the strengthened role of the village head. Further analysis is required to discern the underlying causes and the extent to which the re-emergence of government organizations in Java and Jambi reflects synergy rather than state dominance of community life (as in LLI1). (See Chapters 4, 5, 6)

2. For communities that primarily reported natural resource problems, we expect local capacity to have declined. In LLI2, these problems, often of overwhelming scope, were some of the most challenging for communities to address. If efforts to address these have been repeatedly thwarted, they are likely to have undermined capacity by drawing down resources and frustrating collaboration.

Finding: While natural resources problems have declined as general priorities for villagers, low capacity villages are more often faced with deteriorating natural assets. Except in upland Jambi (where *adat* governance is functioning or the village head is strong and has mutual interests with villagers), attempts to address natural resource scarcity are rarely successful. These efforts often center on instituting or revising rules regulating use of common resources, which are difficult to enforce. (See Chapter 4).

3. In villages that experienced emergent responsive and effective government leadership in LLI2, we expect government leaders to have played a larger role in problem-solving during the past decade.

Finding: Where *adat* governance in functioning or vestiges of BPD as a control mechanism remain, village government leaders played a larger role in problem-solving. However, when such control is missing, village leaders became not pro-village, even in villages with responsive leaders in LLI2. (See Chapters 4, 6, 7)

4. Given patterns of virtuous and vicious cycles observed in LLI2, we expect high capacity villages to have been able to capitalize on changes during the past decade to further enhance problem-solving efforts. Low capacity villages will have been unable to mobilize to take advantage of opportunities provided by these changes. Increases in resources and political power due to decentralization, democratization, and CDD programs may therefore have had the most significant effect on medium capacity villages, which are expected to have improved abilities to address and resolve common problems since LLI2.

Finding: Capacity can be self-reinforcing. Almost half of the villages (9 out of 20) maintained their capacity, and most were in the higher-capacity group (medium and high). However, contrary to our hypothesis, many of the LLI2 low capacity villages have improved their capacity. More surprisingly, the source of this shift in most cases is the villagers themselves, although village leaders and external actors have roles, too. (See Chapter 4)

5. With decentralization and democratization, members of district parliament are new brokers of government resources. We expect villages that are directly represented in the district parliament to have enhanced capacity through additional government resources.

Finding: District parliament members bring resources to their electoral regions, not just to villages where they come

from. However, resources do not always translate to improved capacity; there are other factors at play. For example, one village in Central Java has two representatives but capacity is decreasing because of inter-elite conflicts, particularly between one of the representatives and the old elite. Another village, also in Central Java, does not have any representative living in the village but some of the villagers are political party activists and the village head is able to mobilize them to bring resources to the village. (See Chapters 4, 7)

6. Given that there has been a proliferation of civil society organizations at the district level during the past decade, we expect to see an increase in the role of these organizations as contributors to local capacity. However, given that such organizations played almost no role in problem-solving efforts in LLI2, this increase will be small.

Finding: The hypothesis still holds. There are not many CSOs/NGOs working with villagers; however, in the few cases they are, the success rate of resolving problems is high. (See Chapters 3, 4)

7. In villages with a history of institutional arrangements to distribute benefits equitably, we expect to observe benefits provided by district parliament members to be broadly shared. In general, however, we expect them to be monopolized by village elites.

Finding: The finding is mixed. In one village, the hamlet where the district parliament member comes from gets priority. In others, the infrastructure (the common projects) is more widely accessible to other villagers. (See Chapters 4, 7)

8. In villages with a history of institutional arrangements for including women in problem-

solving efforts (as leaders, mobilizing through women's organizations, etc.), we expect to see a correspondingly greater proportion of benefits identified by women from improved capacity and access to government resources.

Finding: Further analysis is required to test this hypothesis.

9. We expect to see greater district responsiveness to high capacity villages, where community members will have been able to mobilize to take advantage of new resources at the district, through existing links or by creating new connections to elected officials.

Finding: High capacity villages are able to mobilize to take advantage of the new resources at the district, or even the province. They organize and link with external actors to get roads (by working with other villages or making a direct request to the deputy district head), and get back their traditional forests or land. (See Chapters 4, 7)

10. We expect more examples of government collaboration in problem-solving in low/medium capacity villages, as high capacity villages are able to work independently of government to take advantage of new political openings and resources.

Finding: Most improvement in low capacity villages was made with little government support. There are more examples of village leaders being involved in community initiatives in higher-capacity villages. (See Chapters 4, 6).

11. In villages that attempted to hold village officials to account in LLI2, we expect these efforts to have continued, resulting in more responsive and accountable government.

Finding: Protests as a means of accountability in general have declined, replaced in many villages by electoral accountability. The result is mixed here. Efforts to achieve accountability continue but do not necessarily result in more responsive government. (See Chapter 6)

12. In villages where the current village government is more responsive and accountable (compared to LLI2), we expect to see a positive effect on problem-solving for all types of problems.

Finding: In most cases, when village heads get involved and are more responsive, more problems are solved. (See Chapter 6)

13. Where there has been no improvement in the quality of village government, we expect to see declining capacity in low capacity villages, as the government monopolizes new opportunities and resources. In high capacity villages, we expect maintained or improved capacity, independent of unchanged village government due to continued state-society disconnects.

Finding: Two villages showed no improvement in the quality of village government: one remained low capacity (Pinang Merah), while the capacity of the other improved (Tiang Berajo) due to the economic success of migrants. This suggests that even in low capacity villages, villagers can sometimes improve their capacity despite little help from government. However, further analysis of the data would be needed to understand the mixed results. High capacity does not guarantee that the capacity will be maintained or improved, as several such villages declined. The capacity of one village in particular (Krajan) declined because of the weak new village head who is unable to manage internal conflicts



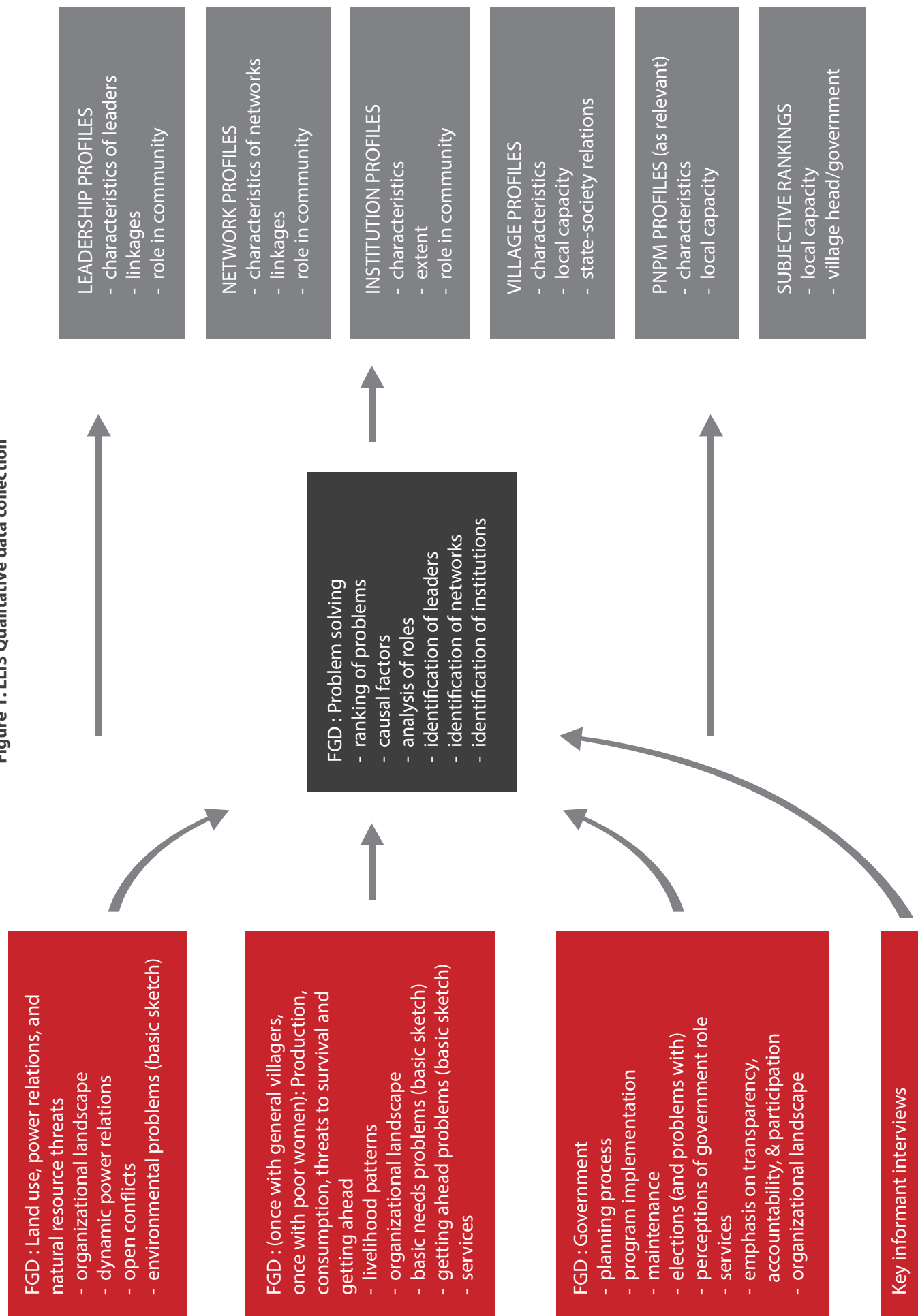
among the elite or control his staff. Hence, quality of village government does contribute to the shifts in capacity in both high and low capacity villages (see Chapter 6).

14. We expect that spillovers from PNPM activities are more likely in medium (and perhaps also low) capacity villages, where they represent a means of improving access to otherwise unattainable resources. We expect there to be less effect in high capacity villages, where problem-solving is more likely to be independent of village government, and villages are therefore less likely to gain extra benefit(s) from efforts at accountability, transparency, and greater participation.²⁶

Finding: Our findings refute this hypothesis. PNPM is more likely to reinforce existing capacity in higher capacity villages than to facilitate improved capacity in lower capacity villages. High capacity villages are better able to take advantage of the open planning and decision-making offered by these projects. (See Chapter 7)

²⁶ An additional hypothesis concerned the quality of PNPM facilitation. However, because the data collection did not capture information about the quality of facilitation, we are unable to address this hypothesis.

Figure 1. LL13 Qualitative data collection



CHAPTER 3: COLLECTIVE PROBLEMS VILLAGERS FACE AND CHANGE SINCE LLI2



In response to Research Question 1, this chapter provides an overview of the problems villagers face, the degree to which they address and solve them, and changes in local capacity since LLI2. The primary source of data is focus group discussions (FGDs) designed to elicit villagers' own views on the most pressing problems they face, and the efforts made to address and resolve them. Wherever possible, findings are compared to patterns in the household survey data.²⁷

Reported problems have shifted in type and priority

Overall, the **number of problems recorded has declined**, according to both information from FGDs and the household survey. While the qualitative data from LLI2 recorded on average about ten problems in each village, only five

per village were captured in LLI3.²⁸ The decline in incidence in the quantitative data appears much smaller, but households indicate that the incidence of one or more problems listed in both LLI2 and LLI3 quantitative surveys dropped by approximately 14 percent. The rate of decline was highest in Jambi (18 percent) and lowest in Java (10 percent). One likely explanation for the decline in total number of problems reported is that LLI2 was carried out in 2001, and asked about challenges faced since 1996. That four-year period covered a highly turbulent time, including the fallout from the Asian financial crisis (1997/8), Sumatran forest fires (1997), El Niño (1998), and massive political and governance reforms (*reformasi*) (1998). By comparison, the years preceding the third round of LLI research have been relatively calm.

Quantitative data also show shifts over time in the specific problems that households report as affecting villages (Table 1). Large drops in

²⁷ Data gathered through focus groups discussions are referred to as qualitative, even though they have been aggregated and enumerated in the tables below. Data from the household survey are referred to as quantitative

²⁸ Note that comparisons in the qualitative data cover 40 villages for LLI2, compared to only half of these for LLI3. The household survey was fielded in all 40 villages, however, providing a check on these comparisons

Table 1. Percent of study-area respondents reporting problems experienced

	LLI2				LLI3			
	overall	Jambi	Java	NTT	overall	Jambi	Java	NTT
	%	%	%	%	%	%	%	%
Drinking water	40	33	27	81	45	46	31	25
Irrigation water	19	17	16	28	14	10	13	9
Infrastructure	37	24	33	71	47	48	38	24
Crop failure/ forest fire/ livestock	44	57	26	55	48	39	39	30
epidemic Land/natural	20	29	3	37	4	5	1	3
resource scarcity Social problems ²⁹	11	13	9	11	5	7	2	6

(Source: LLI2 and LLI3 HH survey)

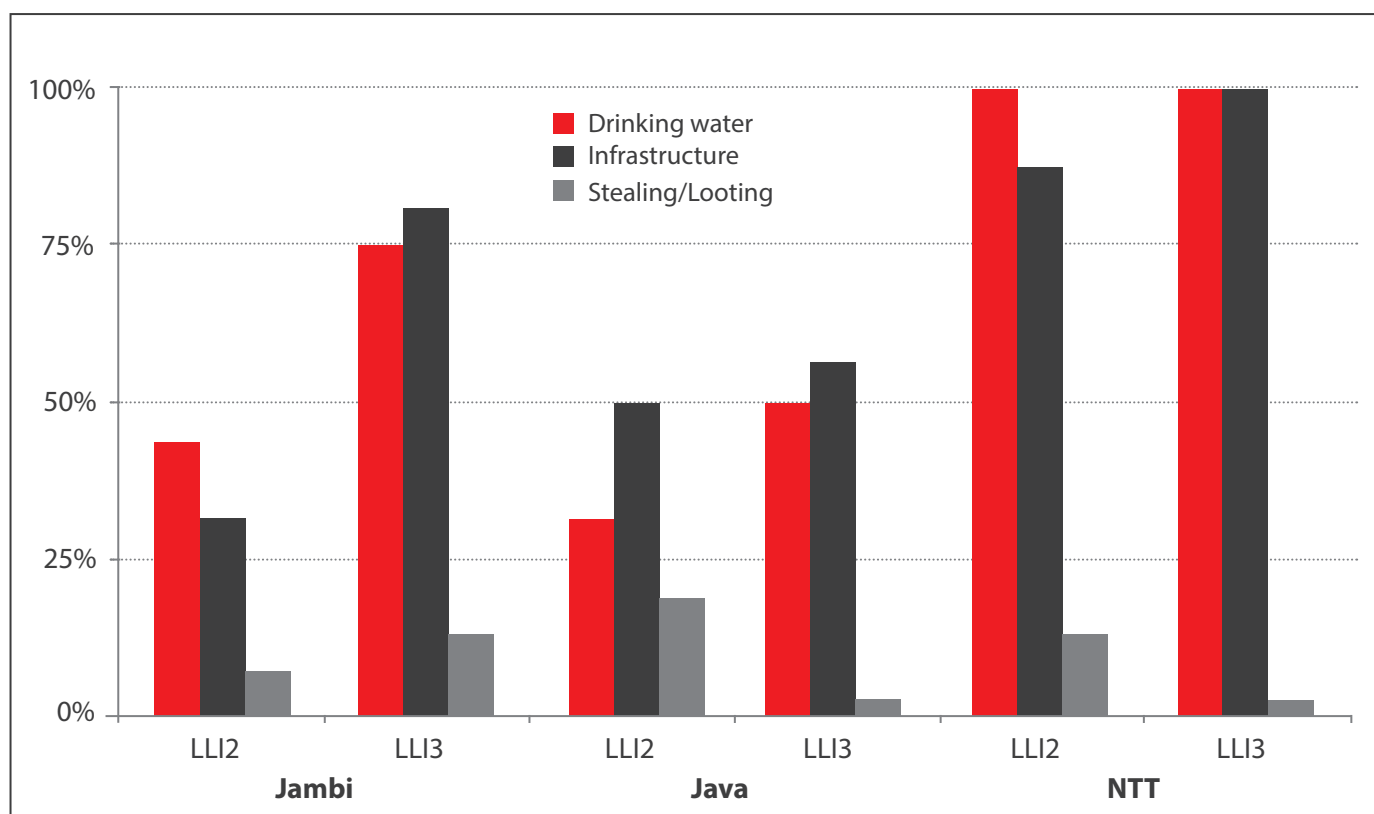
incidence occurred for “scarcity of land and/or natural resources”, “irrigation”, and all social problems. However, problems with “drinking water”, “infrastructure”, and devastation of productive resources (crop failure, forest fire, livestock epidemic) have increased substantially since LLI2. All told, for these nine types of pre-listed problems, their incidence across the entire LLI study area declined from approximately 2,500 problems reported in LLI2 to approximately 2,100 problems reported.

For each problem type, the household survey respondents can also indicate whether the problems listed are collective and communally-experienced or whether they affect less than a majority of households in any locality. For example, Chart 1 below demonstrates that “drinking water” – and perhaps also “infrastructure” – became less of a personal problem and more of a collective problem between LLI2 and LLI3 in both Jambi and Java,

²⁹ Includes gambling, drinking/drugs, theft, prostitution/pornography.



Chart 1. Village-wide frequency of problems experienced (% of villagers)



(Source: LLI2 and LLI3 HH survey)

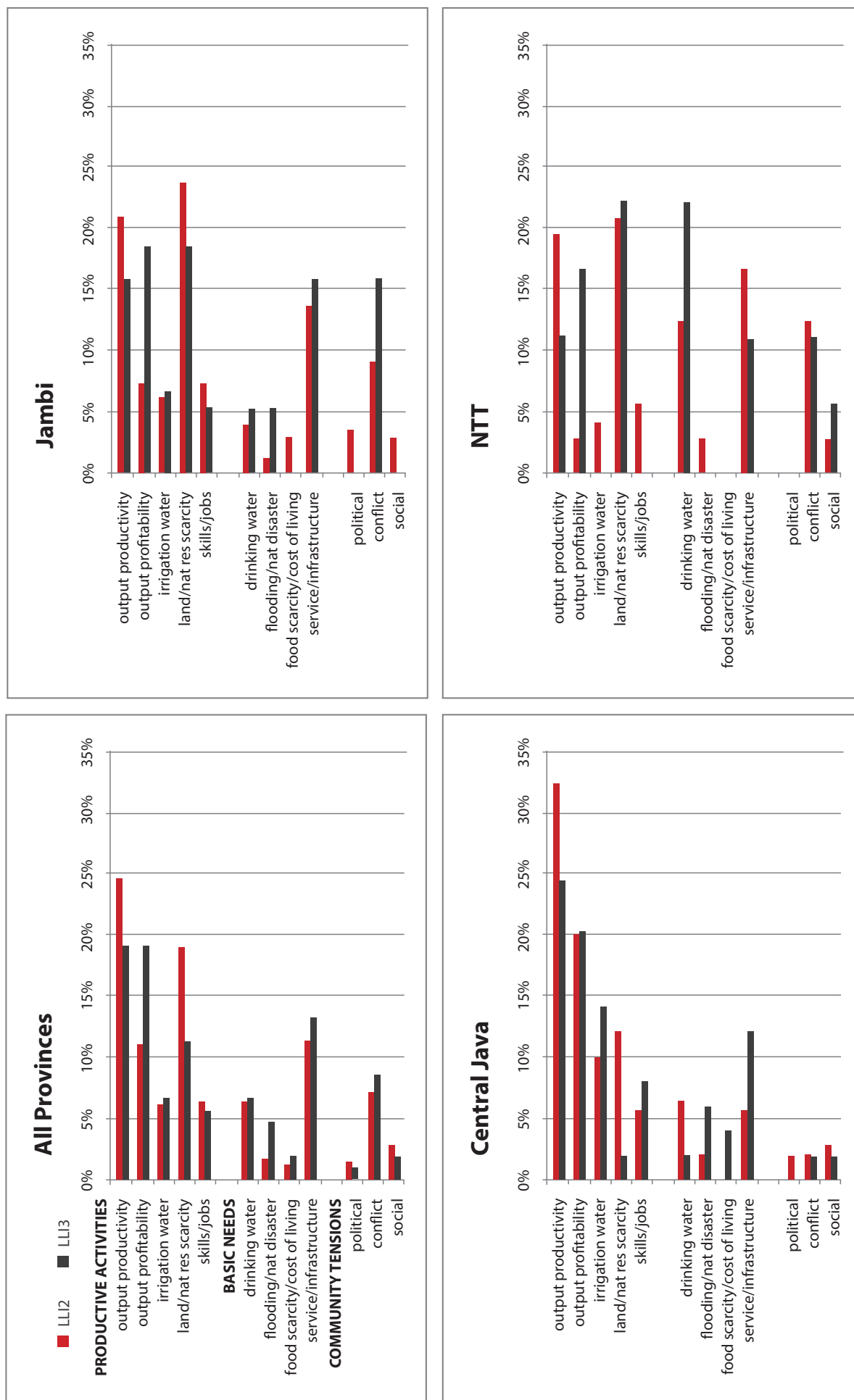
while “stealing/looting” became more of an personal problem and less of a community-wide issue between LLI2 and LLI3 in Java and NTT. In contrast to the household questionnaire, which asked respondents about the *occurrence of specified problems*, focus groups were asked to *identify priority problems* affecting villagers. Patterns in the most important problems identified by villagers have also shifted somewhat since LLI2.³⁰ Aggregating priority problems across provinces (Figure 1, “All Provinces”), challenges related to productive activities remain frequent. There have been some shifts in these types of problems, however, with output profitability becoming more prominent, while issues with productivity have declined somewhat. Concerns about resource and land scarcity have similarly decreased. For basic needs, concerns about flooding and other natural disasters have doubled

(from a small base), and service delivery and infrastructure are more frequently reported as a priority problem. Still in the basic needs category, drinking water remains the second most frequently reported priority problem, but reports have not risen notably since LLI2. Community tensions represent the smallest set of reported priority problems. Here it is worth noting that conflict over land or other resources is more often reported as a priority problem, while problems related to political leaders and social issues (including crime, drinking, and excessive social demands) are somewhat less of a priority problem.

Although there are important shared problems across provinces, **priorities are distinct in the three sets of study villages** (see remaining panels in Figure 1). Concerns about output productivity and services are relatively constant across the areas and across time. However, output profitability is now the most often reported priority problem in LLI villages in Jambi, along with land and natural resource scarcity. There has

³⁰ Recall that villagers were asked in the FGDs to identify and prioritize common problems related to natural services, basic needs, and abilities to get ahead (Chapter 2). Many problems described by communities are complex, and relate to all three categories. The analysis here disaggregates the FGD categories into individual problems identified by participants.

Figure 1. Priority collective problems reported in LLI2 and LLI3, by province (% of total)



Source: LLI2 & LLI3 FGDs

also been a sharp upturn in concern over land and resource conflicts in these villages.

Villagers in the study communities on Java, in contrast, are substantially more concerned about irrigation water and access to services and infrastructure than they were in LLI2. Meanwhile, problems with land or resource scarcity are much less frequently reported as priorities in LLI3.

Priority problems in NTT are more similar to Jambi than Java, but concerns about drinking water are increasingly acute in these villages. Conflicts over land/natural resources have not increased here, but social problems have (albeit from a very low base).

Rates of collective response are high, but show some decline

Most of the identified common problems elicited a collective response (Table 2). Villagers mounted a collective effort to address more than three quarters of problems. This indicates a **decline in levels of community response since LLI2**, however, when about 10% of problems went unaddressed by villagers as a group.³¹ The survey data confirm this decline; for the problems listed, the rate of collective response fell from 77% in LLI2 to 64% in LLI3.

In FGDs, the rate of collective response was lower in Central Java than in Jambi and NTT (Table 2). The number of problems reported in each village varies considerably (from 3 to 8), but so does the rate of collective response. The range in response is smallest in NTT, and most varied in Central Java. Here the survey data diverge from the qualitative results; respondents in Central Java report higher rates of collective response (70%) than their counterparts in Jambi (56%) and NTT (68%).³² However, regional comparisons across time confirm that rates of collective response declined in all areas since LLI2.

³¹ Recall that capacity is gauged by collectively mobilized response; even in its absence, many problems elicit independent responses by affected villagers.

³² Again, note that household data response rates are for problems that occurred, while FGD data concern priority problems.

Table 2. Collective response by region

Collective response	Jambi	Province C. Java	NTT	Total
No	5 13%	17 35%	2 11%	24 23%
Yes	33 87%	32 65%	16 89%	81 77%
Total	38 100%	49 100%	18 100%	105 100%

(Source: LLI3 FGDs)

The rate at which priority problems are responded to varies by type (Table 3). Recall that **output productivity and profitability were very frequent priorities in all provinces (Figure 1). However, these two types of problems least frequently elicit a collective response.**

In part, the lack of community mobilization may be because these types of problems are perceived as individual, even if they are shared by a number of households and have common cause. Further, they often have **root causes that are overwhelming in scope to villagers.** For example, villagers identify shifting weather patterns and decades of chemical fertilizer use as negatively impacting output productivity, but are at a loss for how to mitigate these causes. Similarly, profitability falls with high input costs and low output prices, both set in markets that farmers are unable to affect, either because they are out of physical reach or monopolized by powerful elites (through manipulation of fertilizer subsidies, share-cropping, usury, etc.).

Services and infrastructure problems also have a relatively low rate of community response. The problems without a collective response concern high costs for education and health, which villagers feel unable to address. Instead of collective responses, they rely on family or individual level coping strategies, such as reducing consumption or skipping doctor's visits.

In contrast, **problems with both irrigation and drinking water are always responded to collectively.** In most of the study villages, access to water is already highly organized, with formal rules and roles for sharing irrigation water and user groups for access to wells and pipes (see Boxes 3 and 86). When problems arise with water, mobilization often relies on these existing social structures.

Similarly, **conflict over land or natural resources consistently prompts a collective response.**³³

These are open disagreements over boundaries and use, and involve calls on village leaders (formal and informal) and often higher levels of government to intervene.

Table 3. Collective response and success rates, by type of problem (% of problem type)

Problem Category	Collective	Successful/ Semi-Successful outcome
output productivity	65%	50%
output profitability	65%	70%
irrigation water	100%	83%
land/nat res scarcity	92%	33%
skills/jobs	83%	100%
drinking water	100%	86%
flooding/nat disaster	80%	75%
food scarcity/cost of living	100%	50%
service/infrastructure	71%	75%
Political	0%	-
Conflict	100%	44%
Social	0%	-
<i>number of problems</i>	<i>81</i>	<i>46</i>

Source: LLI3 FGDs

Collective responses remain highly successful

³³ Food scarcity/cost of living also shows a 100% response rate, but is reported very infrequently (see Fig. 1).

In over 60% of cases, collective responses to problems succeeded³⁴ in resolving the issue (Table 4). This a **comparable rate of success to LLI2**, when 65% of problems with a collective response were successfully or semi-successfully resolved. In spite of being less frequent (Table 2), community responses were more successful in Central Java than in the other provinces (Table 4).

Table 4. Rates of successful collective response

Province	Outcome of Collective Response		Total
	Not Successful	Successful/ Semi-Successful	
Jambi	15 48%	16 52%	31 100%
C. Java	6 22%	21 78%	27 100%
NTT	6 40%	9 60%	15 100%
Total	27 37%	46 63%	73 100%

(Source: LLI3 FGDs)

For output productivity and profitability (Table 3), rates of success are mediocre, even when villages do mobilize a response. For productivity, successful responses are largely mass eradication of pests (killing rats, spraying for *wereng coklat*, etc.), while profitability is helped by organizing rotating labor and savings groups (*arisan*). Some attempts to bypass regular marketing channels also show a level of success (*Unit Pengelola Hasil*³⁵ in Mataloko, see Box 12, Chapter 7; Sipahit Lidah farmers pooling rubber to sell in Kota Jambi.)

³⁴ As in LLI2, success means that villagers have overcome the issue, so that it no longer emerges.

In addition, semi-successful responses provide partial solutions that are short term, cover only a portion of those affected by the problem, or address only a part of the overall problem. Responses that are not successful fail to provide any effective solution to the problem at hand.

³⁵ *Unit Pengelola Hasil* (UPH) refers to cooperative-like organization that purchase products with competitive price from local farmers.



Attempts to address land/natural resource scarcity are rarely successful. These efforts often center on instituting or revising rules regulating use of common resources, which are difficult to enforce (except in upland Jambi, where *adat* rules continue to be respected). Similar complications arise with responses to resource conflicts, where each party is asked to respect rules for sharing the resource. These settlements are often breached, and the problem reemerges.

Villagers' efforts to address drinking and irrigation water problems show relatively high levels of (stopgap) success. Good outcomes often involve expanding or revising existing arrangements for use, such as changing the frequency of releases for irrigation water and clearing or rebuilding channels (see Box 3).

Villagers also mobilize to construct new wells and water collection tanks using private or program funds. It is important to understand that these solutions, while indicative of villagers' organizing capacity to access available resources and share them more equitably, are not addressing issues of population pressures, urbanization, and changing weather patterns. All these forces (and others) may be contributing to the challenges villagers face, and to their possible future re-emergence. Community actions are thus successful at making the best of the situation, but not solving the underlying issues.

BOX 3:

Water management system in Pelem

Pelem is a hamlet of 54 households in Beral, Central Java. Like other parts of the village, the hamlet has problems with accessing water. Water scarcity, especially in the dry season, regularly sparks disputes among villagers. Residents have tried different distribution systems to deal with the problems.

In the rainy season when water is relatively easy to get, there are three sources of water:

- The water spring nearby (available all year round).
- The public water tank: a large tank (more than 3 cubic meters) to catch rain water that was built by the villagers and is located in a villager's front yard. Villagers can get water for free here.
- Two rain-fed wells, also built by villagers.

In the dry season they get their water from:

- Another water spring further away.
- A villager who has a private water tank. This man buys water from a vendor at IDR 100,000 for 5,000 liters (or IDR 20 per liter), which he resells at IDR 50 per liter. Most villagers buy the water in 10 or 20 liter cans. One villager said she usually spent IDR 5,000 a day on water.
- The public water tank, which villagers take turn to buy water to fill. However, this does not always work fairly as people living close to the public tank use a disproportionate amount of water.

Quarrels over water often happened when people were queuing at the water springs, for example if a villager brought multiple cans to fill, making others wait longer for their turn. The neighborhood head came up with the idea to draw up a schedule for collection of water from the spring. There are 54 households in the hamlet, so each day eight households are allowed to get water from the spring. Each household has three hours to fill their tanks (120-150 liters). This schedule works well.

(Village) government plays larger role in addressing problems

In terms of actors involved in problem-solving efforts, state agents play a notable role. **Village government was involved in about half of the collective responses to problems, which is an increase from LLI2, when village government was involved in a third of cases.** The survey data also indicate that village government involvement increased (from 25% of LLI2 problems to 33% of those listed in LLI3). In both rounds of the study, the FGDs indicate that the majority of such efforts led to successful/semi-successful outcomes, but success rates may have improved slightly (33% not successful in LLI2, 28% in LLI3).

In LLI3, **district government was involved less often than village government (30% of problems reported in FGDs). Yet, almost 80% of the cases where district actors were involved had positive outcomes**, indicating that the resources contributed by district officials or legislators helped to solve villagers' problems. In general, district programs are poorly targeted and rarely correspond to local needs (see Chapter 7). The high rate of success should be seen in this context; where district assistance corresponds to priority problems, such resources are helpful, but **district efforts as a whole show low levels of overlap with villagers' needs.** Also, in cases of success, district help is not necessarily the critical ingredient in problem-solving efforts; rather, accessing district resources reflects a high level of organization and initiative in the villages that receive such assistance.

As in LLI2, **NGOs remain largely absent.** They were noted as part of the problem-solving effort in only six of the 81 cases with a collective response. However, five of these problems were successfully/semi-successfully resolved (one had unclear outcome.) In three of these cases, NGOs helped villagers regain land rights (Kelok Sungai Besar, Sipahit Lidah, Ulu Sebelat). The other three cases involved addressing problems with natural

resources – water (Beral), flooding (Kalikromo), and changing seasons (Krajan). ³⁶ While the success cannot be directly attributed to the NGOs' involvement, **villagers able to access such networks clearly have a higher than average rate of success in solving problems.**

There was a reference to PNPM/PPK in 16% of cases, in which communities proposed infrastructure or relied on rotating savings groups (*simpan pinjam perempuan*, or SPP) funded by the program. As with district government and NGO involvement, **problem-solving efforts that drew on PNPM/PPK resources were predominantly successful (76%).**



By village, capacity is relatively stable with some encouraging improvements

Comparing all problems and responses between LLI2 and LLI3, local capacity shows decline. Fewer problems are responded to collectively than in LLI2 (although rates of success are comparable). In the aggregate, villagers mobilize collectively less often. However, these general patterns in problem-solving mask considerable variation in capacity shifts across the LLI villages.

³⁶ There are other signs of NGO involvement in villages, unrelated to the priority problems. For example, Ndona villagers were helped by an NGO to set up electricity connections. The village head in Mojo also has close ties to a local arm of Child Fund International, which funds scholarships, training, and some infrastructure. Although not as systematically collected in the LLI data as NGO involvement in priority problems, these types of efforts also appear infrequent.

Grouping the problems recorded by village, we assess levels of capacity by both the proportion of problems addressed collectively and rates of success of such responses using the same categorizing principles as in LLI2 (Table 5). *High capacity* villages are those that mobilize a collective response to all identified problems, arriving at a successful or semi-successful outcome for at least half of these responses. At the other end of the spectrum, *low capacity* villages leave at least a third of problems unaddressed or are unable to successfully resolve any of the problems addressed. In-between these extremes, *middle capacity* villages either

- have high rates of mobilization (90-100%) combined with low rates of success (<33%), or
- less frequently mobilize (67%-89%) but are fairly successful when they do so (≥33%).

Looking across villages, the **greatest number (9 of 20) did not experience a change in capacity**. Of the remainder, about half (6 of 20) experienced a decline in capacity; these villages are mostly on Java. In contrast, villages with rising capacity (5 of 20) are predominantly in Jambi.

The next chapter focuses on the factors that underlie village-level shifts in capacity. While discussed in more detail in Chapter 4, it is worth noting here that Table 5 lends support to the general hypothesis that capacity persists. In particular, **more than half of the high capacity villages have built on their earlier successes in addressing more recent problems**. Also particularly encouraging is that **two-thirds of low capacity villages have improved their ability to address and solve problems since LLI2**. This finding goes against our expectations for such villages; based on LLI2, we expected to see further declines where villagers were unable to mobilize responses or saw little success when problems were addressed.

SUMMARY & IMPLICATIONS

The analysis shows that, as the number of reported problems has fallen, rates of response have also declined, but rates of success are roughly similar to LLI2. Declines in community response are due in part to the prominence of problems of overwhelming scope. Village government plays a larger role in collective problem-solving; district government and NGO involvement is less frequent but often coincides with successful outcomes. The patterns of increased success that map on to external involvement/resources reinforce the importance of outside connections to enhancing village capacity, found in both LLI1 and LLI2.

The substantial variation in priority problems and their limited overlap with the occurrence of problems (from the household data) are a reminder of the need for tailored assistance that corresponds to distinct local needs. At the national level, this argues for continuing to refine open-menu program designs (such as PNPM). It also suggests that funds and decisions should be under village-level control. However, complementary policies and structures are needed to ensure priority problems are identified and responded to. At both village and district levels, substantial variation in problems reported require high levels of awareness and responsiveness from local officials (see Chapters 6 and 7).

Higher levels of government also need to identify and respond to problems of overwhelming scope and investigate those with sharp increases since LLI2. In particular where programs are already in place to address increasingly prominent problems, agencies should try to discern why problems persist in spite of such efforts (for example, high farm-level prices for fertilizer due to local monopolies, in spite of subsidies).

Table 5 Capacity shifts by village

Village	Province	LLI2 CAP	LLI3 CAP	Change From LLI2
Mojo	C. Java	M	L	decline
Beral	C. Java	M	L	decline
Karya Mukti	C. Java	M	M/L	decline
Kali Mas	C. Java	H	M	decline
Krajan	C. Java	H	M	decline
Mataloko	NTT	H	M	decline
Pinang Merah	Jambi	L	L	same
Kampai Darat	Jambi	L	L	same
Koto Depati	Jambi	M	M	same
Kalikromo	C. Java	M	M	same
Kotagoa	NTT	M	M	same
Ndonga	NTT	H	H	same
Kelok Sungai Besar	Jambi	H	H	same
Sipahit Lidah	Jambi	H	H	same
Deling	C. Java	H	H	same
Tiang Berajo	Jambi	L	M/L	increase
Buluh Perindu	Jambi	L	M/H	Increase
Ulu Sebelat	Jambi	L	M	increase
Walet	C. Java	L	M	increase
Waturutu	NTT	M	H	increase

(Source: LLI2 and LLI3 FGDs)

CHAPTER 4: FACTORS EXPLAINING CAPACITY SHIFTS

In this chapter, we turn from the overview of collective problems in Chapter 3 to look at village-level changes in local capacity since LLI2 and the factors that underlie such shifts (Research Question 2). Below, we first provide an overview of the general directions of capacity shifts (maintained, declining, increasing). Next, we compare and contrast how assets, the political economy, and the sources of change vary across the LLI villages.

To break down capacity shifts and identify the factors that underlie them, we use the asset-based conception elaborated in Chapter 2, drawing on Bebbington et al. (2006). Recall that changes in local capacity (ability to solve common problems collectively) may come from shifts in the natural, social, and financial resources that communities can access (assets) and in the power relations within the community and with outside actors (political economy). The source of change may be from villagers themselves, in collaboration with reformist officials or from external actors.

MAINTAINED CAPACITY: Higher capacity (and sometimes low) can be self-reinforcing.

Based on patterns from LLI1 and LLI2, we posited that capacity may be self-reinforcing. High

capacity villages may engender a virtuous cycle, where past problem-solving efforts better equip the community to cooperate in the face of further challenges (Hirschmann 1983). Conversely, lack of response to problems in low capacity villages may create a deteriorating cycle of apathy and increasing competition, rather than collaboration.

Looking at LLI3 villages that maintained lower or higher capacity lends some support to this idea; the **most prominent pattern across villages is persistence of past capacity levels.**³⁷

Grouping villages by the direction of change in capacity between LLI2 and LLI3, the largest group of villages (45%) show no change in capacity (see Table 5, Chapter 3). In particular, higher³⁸ capacity villages mobilize to safeguard or increase their assets. For example, Koto Depati managed to keep the village together when one hamlet attempted to split off. Sipahit Lidad leaders instituted rules against the use of poison and machinery for fishing and extracting gold from the river. Other villages made similar rules which are often ignored, but in this village they have been enforced for over a decade using consistent sanctions. Village leaders are thus able to enforce local regulations and norms and are well-connected to external resources that they mobilize for problem-solving efforts (Sungai Besar and Ndonga leaders' networks to district parliament, NGOs, etc.). In these villages, institutions exist to mediate potential inter-elite conflict and to coordinate state and community problem-solving. For instance, Deling has retained the monitoring functions of the BPD, and Koto Depati has *adat* governance structures that integrate village government.

The persistence of relatively high capacity is an encouraging finding. It indicates that **high capacity villages are resilient, even in the face**

³⁷ Changes in methodology precluded side-by-side comparisons between LLI1 and LLI3. LLI1 relied more on in-depth interviews and listings of community and government projects to gauge capacity, while LLI2 used FGDs more extensively to ask villagers about the problems they face and how they address them. LLI3 repeated the LLI2 methodology, enabling comparisons.

³⁸ I.e., high and medium capacity in LLI2 that make up seven of nine maintained-capacity communities in LLI3.



of the political shifts faced during the past decade. Such villages' constellations of assets and power relations, which enable them to mobilize to address common problems, also equip them to take advantage of decentralized resources and authority, greater democratization, and more participatory programs. (For examples, see Box 8, and mobilization of the Koto Depati village head for provincial road below, and Chapter 7).

To a lesser extent, we also see persistence of low capacity (although two thirds of LLI2 low capacity villages improved by LLI3; see below). Low capacity villages have drawn down their existing assets, and are unable to capitalize on broader political economic changes that have benefited other villages. For example, while high capacity villages in Jambi have been able to gain from the weaker power of logging companies to protect forest or increase private ownership, forests in Pinang Merah were overrun by opportunistic loggers after companies left. Village leadership tends to be weak, unable to bridge intra-community/elite conflict. When villagers – sometimes with state help – do mobilize problem-solving efforts, the results are rarely sustainable. For example, agreements to resolve land disputes are soon breached (Kampai Darat), village regulations against resource exploitation are ignored (Pinang Merah), and public infrastructure goes unrepaired (Pinang Merah).

Although maintained capacity was the most common pattern in the LLI villages, it is perhaps the least informative in terms of understanding the ways that the past decade's broad political developments may have affected interactions between villages and the state as these villages are relatively stable. We therefore look in greater detail at villages in which capacity has declined and increased.

DECLINING CAPACITY: Capacity is undermined by deteriorating assets and officials that are not reformist

About a third of villages (6/20, 30%) have experienced a decline in capacity since LLI2. These are concentrated on Java, but include one village from NTT, as well (none from Jambi). As a group, these villages face deteriorating assets and reduced collaboration with reformist officials (Table 1).

The subset of villages with declining capacity experience **persistent problems with deteriorating natural resources**. In several cases, problems noted in LLI2 have worsened (Mojo irrigation water, Beral and Mataloko access to drinking water; see Box 4). Access to assets is also limited by local disputes in some villages (Krajan conflict over forest, Mataloko land disputes blocking infrastructure projects.)

Further, there are signs of **reduced reciprocity** in these villages, signaling a decrease in social assets. For example, in Beral there is now a limit to the length of time that farmers can be called upon to provide unpaid reciprocal labor (*gotong-royong*): after two days, the farmer being helped is expected to pay the current daily wage. Conversely, villagers in Mojo have organized formal rotating labor groups as a solution to the increasing cost of labor. This arrangement reduces the wage bill, but those wishing to participate must pay a high entrance fee. While these changes do not necessarily undermine problem-solving ability (and in some ways attest to the flexibility of local practices to deal with changing

BOX 4:**Continuous problems with water in Mataloko, NTT**

Water is an on-going problem for villagers in Mataloko. The ward has two water springs, both of which have plenty of water. But the first serves only the area immediately around the spring; villagers outside that area have to walk for one kilometer to get the water. The second spring does not really provide water to the ward, as it has been diverted to other users. Some decades ago (1960s), the villagers had an agreement with the local parish: the church provided pipes and got a share of the water (the parish is located between the spring and the community settlement). Later, the head of the clan that controls the land on which the spring is located made another agreement to divert water to a neighboring village. As Mataloko's population grew, villages needed more water.

In 2006 the village, funded by KDP/PNPM (IDR 350 million), got three electronic pumps to get water from the spring but the project did not work. No water could be pumped up. KDP teams and consultants from Kupang could not solve the problem, either, and the water tanks and pipes were left unused.

In 2008, the neighboring village, funded by PNPM, was able to pipe the water from the spring within Mataloko's boundaries. Since then clan leaders and the ward head have initiated negotiations with the parish and the neighboring village to regain access, but these discussions have not been successful.

With funds from central government and assistance from experts from as far away as Bandung, in 2010 the ward got an artesian well. But there was no electricity to run the pump and villagers could not afford the diesel for a generator, so the machinery was left idle and there was no water for villagers.

In spite of the numerous efforts to address Mataloko's water problems, villagers still have to walk (or ride a motorcycle) one kilometer to get water. Wealthier households can buy water from vendors or get piped water from the city water company, but these options are beyond reach for many villagers.

problems), they reduce the scope of participation in such efforts by limiting the benefits to those who can afford to pay entrance fees or wages. Such exclusive arrangements segment collaborations by socio-economic class (see Chapter 5 for patterns of declining community collaboration in the quantitative data).

Villages affected by urbanization tend to see declining capacity: while urbanization brings assets (health, education) and diverse income opportunities, it also brings new problems (consumption goods, shifts in labor markets, unemployment), and possibly degrades villagers' sense of community. Further, **villages that have ward status are at a disadvantage as they lack the electoral leverage to align the ward head's interests with their own (and to hold him or her accountable for results).**³⁹ Instead, ward heads who are appointed by the district head often have no connection to the village and little interest in building local networks, as they may be moved again. Of the four wards in the LLI area, three have declining capacity and two are rumored to be organizing campaigns to return their villages to 'desa' status (Kali Mas, Mataloko). Of the LLI wards, the ward head in Mojo stands out as being more connected to the village than his peers. He has lived in the village for two decades and has built up personal ties in the community (in contrast to other ward heads who live outside the village, as in the case of Kali Mas, or who had no connection to the village before being appointed to lead it, as in Mataloko). Although he is generally well-liked for being approachable and for his ability able to mobilize resources (from an NGO and a *perantau*⁴⁰ network), some villagers complain that he uses them for his own interests, rather than theirs.⁴¹

39 Wards also receive a smaller budget allocations than villages and therefore have fewer financial resources available for local problem-solving. In theory, the ward head's performance is reviewed and evaluated by the district, but there was no evidence of such monitoring in the LLI wards.

40 *Perantau* refers to diaspora or migrant community.

41 The focus group discussions indicate that villagers' priority problems relate to agriculture and water, while the ward head focuses on access to loans through cooperatives, health insurance, and scholarships

In addition to ward heads' general lack of connection to the community, **most village heads in these villages are weaker and/or more likely to monopolize resources for personal benefit**, compared to their predecessors in LLI2. The village head of Krajan refuses to take sides in escalating inter-elite conflict, and village government has come to a standstill while each side hoards resources for the benefit of their supporters. In Beral, the village head keeps information and financial and material resources to himself, dispensing them only as a means of furthering his political career. In Karya Mukti, the village head (who appeared to be reformist when newly elected in LLI2) has spent much of his second term channeling government resources to construct an enormous village office. As a result of these leaders' lack of responsiveness, villagers are not only less able to get a government response to problems, but fewer resources are available to address their needs than in villages with more responsive leaders.

Lower capacity in these villages is sometimes also an **effect of policy changes by higher levels of government**. Notably, the 2004 change in design of the BPD has given village heads more room to monopolize resources in villages where the BPD was previously effective (Karya Mukti). Changes in natural resources management arrangements have also contributed to capacity decline (in Mojo, water management by the district reduces access). While not the cause of inter-elite conflict in Krajan, resources being channeled exclusively to supporters by DPRD members elected from the new elite have exacerbated the rift with the historically dominant family.

INCREASING CAPACITY: Improvements in assets are largely due to villagers' efforts

Finally, the capacity of a quarter of villages (5 out of 20) has increased since LLI2. These are spread throughout the research area but are mostly in Jambi (three villages), with one each in NTT and Central Java.

Because low capacity villages, by definition, have a history of not mobilizing to solve problems, it was surprising to find that **most of the capacity increases are in villages considered low capacity in LLI2** (only one village has increased from medium to high capacity.) This is an encouraging counterpoint to the self-reinforcing patterns observed in the “maintained capacity” category of villages, indicating that the cycle can be broken.

What is perhaps most striking about **capacity increases is the extent to which they are initiated by community members themselves**, especially because low capacity villages, by definition, have a history of *not* mobilizing to solve problems. Villagers are behind the changes in economic assets in Buluh Perindu (switch to cocoa as the main crop) and Ulu Sebelat (shift to higher-yield cocoa). In Tiang Berajo, the economic success of Javanese migrants has upended political dynamics, but also made more resources available for problem-solving. Community leaders account for the mobilization of villagers to solve problems in Waturutu. In Walet, villagers took the initiative to retain the original functions of the BPD, in spite of changes in higher-level policies.

Other factors also reinforce the community's efforts in these villages. **Reformist village leaders also matter** (village/ward heads in Walet and Waturutu and, in some cases, Tiang Berajo), **as do, to a lesser extent, external agents** (in Ulu Sebelat, an NGO help to reclaim disputed land). Higher-level political changes also contributed, as the subsequent decline in the power of logging companies benefited problem-solving in Buluh Perindu and Ulu Sebelat.

Factors influencing capacity: ASSETS

Although the villages in each of the three capacity categories share characteristics, Tables 1 and 2 also demonstrate that local capacity is complex and multi-faceted. Improvements in one area can counteract declines in another. Similarly,

factors may work in different ways depending on a village's pre-existing capacity. The remainder of this chapter looks across villages to highlight some of these complex interactions.

Access to and use of natural resources has a notable effect on capacity. While declining quality/access is the general rule, improvements in Jambi counter this pattern.

Despite the decrease in natural resources and agricultural productivity being identified as priority problems in Central Java, this does not mean that these problems have gone away (Chapter 3). In declining capacity villages in particular, problems with water access (both for household and agricultural uses) have persisted and become more acute since LLI2 (see above).

⁴² In some regions where irrigated agriculture is practiced, demand for water outstrips supply, so each village gets a reduced allocation, resulting in lower yields (for example, Kalikromo used to get seven releases of water, but is now allocated only three.)

In NTT, there are also problems with water access in some villages (for example, in Mataloko and Ndonga). Declining land fertility and unpredictable rains also contribute to poor harvests. In these villages, population pressures have reduced the size of families' land holdings, which farmers respond to with more intensive cultivation. These practices require more capital, for fertilizer and other chemicals, and further degrade the soil. Villagers in NTT also report problems accessing land to build needed infrastructure.

Many of these declines in assets are not addressed collectively, either because they are overwhelming in scope or perceived as individual problems, even if many households share the same problem. Attempts to organize more equitable and efficient schemes for water collection, which would help to manage reduced access to resources, have failed to stem the

⁴² At least for drinking water, see Table 2 above.



decline. Even high capacity villages are unable to address the causes, which include logging in watersheds, diversion of water to urban areas, population pressures, and climate change.

In Jambi, natural resource problems often relate directly to cash crops on which many, if not all, villagers rely for a portion of their incomes. Some high capacity villages in Jambi have successfully protected their natural resources (forests and land), effectively increasing their assets compared to LLI2. For example, two villages in Jangkat successfully lobbied to have sections of forest designated customary forest (*hutan adat*) by decree of the district head. In both cases, the new regulations gave the land, which had been claimed both by the villagers and logging companies, to the villagers.

Shifts in sources of income can both enhance and reduce capacity. The most dramatic example of increased capacity is from Buluh Perindu village in Jambi. In LLI2, many villagers relied

on collecting wild rubber for income, after the 1996/1997 wildfires decimated their plantations. As a result, the villagers frequently vacated the village for long periods while collecting rubber, and had little time for collective activities at home. In 2003, when collection of wild rubber was prohibited, the villagers had to find a different source of income. A handful of local farmers had successfully grown cacao, demonstrating the agricultural suitability and economic viability of this crop in Buluh Perindu, and others followed suit. A decade later, cacao is a mainstay for most households in Buluh Perindu. In addition to the increased income the crop brings, which contributes financial assets for problem-solving, the social advantages are notable. Farmers have started to organize into production groups to collaborate, rather than compete for resources as they did when collecting rubber.

In contrast, shifts towards wage-earning labor appears to reduce capacity. In some of the LLI villages in Jambi, waged jobs are readily available

in nearby palm oil or lumber processing plants. These wage-earning opportunities are used by individual households to address survival issues that might be addressed collectively in the absence of waged labor.

Similarly, a number of LLI villages in Central Java are relatively urban and offer access to a diverse range of casual labor opportunities (motorbike taxi/pedicab driver, construction work, etc.). Accompanying these opportunities is a set of new problems that are not reported in more rural villages, such as underemployment or unemployment and high debts resulting from buying consumption goods on credit. Such problems are rarely successfully addressed, effectively undermining local capacity.

In terms of social assets, there are some tentative signs that **collaboration between villagers is shifting from a reciprocal to a monetized basis**. In addition to the formalization of labor arrangements in Beral and Mojo (see above), another suggestion of weakening community collaboration comes from Ndona, where villages used to set aside Mondays for reciprocal work for the village (street cleaning, road maintenance, etc.). Now village leaders complain that projects (particularly PNPM) have made community members unwilling to participate unless there are project funds to compensate them for their time. Compared to LLI2, when such groups figured relatively frequently in problem-solving, there is also an apparent decline in the role of voluntary organizations such as prayer groups, *arisan*,⁴³ and *jimpitan*.⁴⁴ Similar patterns are observed in the household survey data, where declining aggregate rates of social activity are observed and respondents self-report declining group participation (see Chapter 5).

Factors influencing capacity: POLITICAL ECONOMY

In particular, the distribution of power and assets, both inside the village and in terms of relations with external actors, influence capacity. In this sub-section, we first look at political economic relations within the village and how they enhance or undermine capacity. We then turn to relations with external actors.

Internal

As noted in Chapter 3, village government has become a more prominent participant in collective responses since LLI2. In particular, the village head stands out. **Many village heads are central to addressing and negotiating solutions, particularly by accessing external networks and accompanying resources**. In the LLI villages, examples where village heads have been instrumental include mobilizing a network of other village heads to lobby for a major road (Koto Depati), negotiating land boundaries on behalf of the village (Buluh Perindu), resolving a decades-long land dispute by bringing it to the Supreme Court (Kelok Sungai Besar), and organizing electricity connections for a large number of villagers through a local cooperative (Ndona).

Compared to LLI2, village heads have gained in prominence; previously, other community leaders (teachers, religious and traditional leaders, etc.) could be equally important links to external resources. But **with the pooling of resources at the district level as a result of decentralization, local state actors have become more important** as the designated channel through which these resources flow.⁴⁵ The political economy of villages has thus shifted, concentrating more power in the office of the village head (see Chapter 6).

⁴⁵ Although the LLI data cannot provide clear data on it, the increase in participatory projects may have contributed to this shift as it has recruited community activists/leaders to work in government projects (such as PNPM facilitators.) Whereas community leaders in previous LLI rounds often circumvented government to access funds for problem-solving, their integration in CDD programs improves access to state resources.

⁴³ *Arisan* refers to rotating saving groups.

⁴⁴ *Jimpitan* refers to social fund group that collects rice for communal use.

Because of this more important role, however, **capacity is undermined if the village head is not well-connected to external resources or uses resources to benefit only a small group of supporters** (or, at the extreme, himself⁴⁶). Previously, high capacity communities were able to circumvent the village head, but with the concentration of financial resources and authority at district level, official channels are more important which the village head is needed to access. As in LLI1 and LLI2, some villages retain the ability to circumvent the village head, such as Sipahit Lidah where the traditional (*adat*) leader has significant networks that can marshal resources for problem-solving. In many villages, however, the village head's inability to channel resources or unwillingness to work in the interests of villagers impedes problem-solving (for examples and patterns in specific villages, see Chapter 6).

The village head can thus enhance capacity *if* he has networks *and* he is motivated to use them to work in the village's interest. While personal motivation may play a role, **institutional measures are a more reliable means of aligning the interests of the village head with those of a broad swath of villagers**. In high capacity LLI villages, examples of such institutional mechanisms are *adat* structures in parts of Jambi and the BPD in some areas of Java and Jambi. In Sipahit Lidah and Koto Depati, traditional governance structures are highly integrated with state mechanisms. These flexible *adat* structures were noted in LLI2 (Fahmi 2002) and do not appear to have been weakened in the intervening period. In these villages, formal village structures are integrated into higher-level *adat* governance structures that are institutional means for inter-clan collaboration and mediation, as well as accountability mechanisms to hold clan leaders (who are also village government officials) in check. For example, in Sipahit Lidah, where



one clan previously dominated, there has been a peaceful shift towards sharing of power between clans. Similarly, in Koto Depati, *adat* governance structures facilitated mobilization for building a hydro-power generator to provide broad, cross-clan benefits to villagers.

Whether *adat* structures can provide an institutional means of balancing the village head's power may depend on the balance between bonding and bridging links between clans (Woolcock and Narayan 2000⁴⁷). In contrast to the on-going collaboration across clans in upland Jambi, clans in LLI villages in NTT have distinct leadership and governance, with intermittent (often annual) meetings to mediate concerns and needs between clans. Each clan tends to have strong capacity to mobilize members for collective action and to solve problems that affect only clan members. However, lack of structured collaboration and sometimes competition between clans inhibits problem-solving at the village (and inter-village) level. Several NTT villages, such as Mataloko and Ndonga, have experienced inter-clan disputes over the office of village head, water rights, and land allocations for project infrastructure. The balance between bonding and bridging links amongst clans thus affects both capacity and the potential of *adat* structure as a counterweight to the power of the village head.

46 As in LLI2, only one village is a woman. In LLI2, Beral had a female village head who has since been replaced. The incumbent village head in Sungai Besar is a woman.

47 This observation is based on the *adat* structures and related problem-solving observed in LLI villages in Jambi and NTT. There is a host of different *adat* governance arrangements in Indonesia and the observation is unlikely to hold true for all of them.

In two villages on Java (Walet and Deling), the original conception of the BPD has been maintained, in spite of national policy changes to weaken the accountability function of this body⁴⁸. Here, the BPD continues to function as a means of bringing villagers' ideas and needs to the attention of village government, and as a check on both the village head (for example, by checking and commenting on annual reports) and other village officials (reviewing performance, requests for additional compensation, etc.).

Collaborative inter-elite relations remain instrumental to capacity. Elites often initiate collective action (increasingly the village head) and mobilize citizens to participate (other members of the elite often play this role); such collaborations enhance capacity. In villages where elites are in conflict, however, capacity is undermined. Internal conflicts redirect problem-solving efforts towards these issues, inhibit collaboration, and/or lead to active undermining of problem-solving.⁴⁹ All three effects of inter-elite conflict are evident in LLI villages. First, distractions from other problems are seen in Ulu Sebelat, where a village landowner is selling land to Bengkulu migrants, breaching village government decrees prohibiting such sales. However, because this person is better connected to district law enforcement agencies than the village head and other leaders are, the practice continues, drawing attention and resources from other issues. In Beral, the village head is secretive, making plans and decisions on his own. Other village leaders (BPD, hamlet heads, neighborhood leaders) are either apathetic or focus only on problems directly related to their locale. These avoidance strategies inhibit broader collaboration. Finally, there are examples of elites creating problems for each other. In Kalikromo, hamlet heads (who do not support the new

village head) have appropriated the levies previously charged by the village for trucks extracting sand from the river, reducing village revenues. In Tiang Berajo, it is standard practice for political rivals to ferret out corruption to expose and remove the village head from office; the village has changed leadership four times in twelve years because of elites toppling each other. In Krajan, a feud between the new (migrant) and old (dynastic line of village heads) elites has resulted in a splitting of programs and resources (PNPM is controlled by old elite, while "aspirational fund" (*dana aspirasi*)⁵⁰ from the district parliament and forest resources are controlled by new elite).⁵¹

However, **if inter-elite relations are too close, village leaders may collaborate to address common problems, but also create new ones, stand in the way of solutions, or monopolize problem-solving benefits.** If the village government's close collaborators act as gatekeepers for key inputs or outputs, officials rarely intervene in favor of residents. For example, in Koto Depati, collaboration between the village secretary, village head, and BPD chair has enabled the village to get electrical power through a micro-hydropower plant. However, the village secretary also monopolizes the distribution of subsidized fertilizer, providing it only to farmers who also sell their potatoes to him (at a price of his choosing). Other village leaders are aware of this arrangement, which villagers point to as one of the main impediments to their getting ahead, but do not intervene.

Even when they share problems with a broad swath of villagers, close-knit elites sometimes monopolize benefits such that the problem-solving efforts provide little help to other residents. In some LLI villages (Kali Mas, Kelok Sungai Besar), one farmer group repeatedly turns

48 See Chapter 7 for more details on the fate of the BPD.

49 The roots of local conflict are often long-standing, but changes in the broader political environment may have exacerbated local tensions. As the office of village head has become more attractive, competition for the post has increased (as evidenced by escalating campaign costs). The opening up of the office (see Chapter 6) has also interrupted the prior dominance of political dynasties, bringing past resentments out in the open.

50 *Dana aspirasi* refers to fund given to members of parliament to be used to fund development projects in their constituents (pork barrel).

51 Note that political competition can also be channeled into accountability efforts, such as in Karya Mukti where an effective BPD chair (2000-2007) lost the vote in a previous village head election.



up in programs and collective mobilizations to resolve conflicts. Such groups appear to have predominantly elite members (and sometimes additional fictional ones) who are well-versed in programs and ensure that benefits flow mostly to them. In other villages, elites ensure that public goods such as roads and wells are located in places that benefit them disproportionately.

External

Comparing shifting relations of power since LLI2, two particular patterns have bolstered local people's position relative to external actors. The first of these is the **relative strengthening of villagers' control over land and accompanying natural resources**, found in Jambi. Second, **democratization and decentralization have provided opportunities for villages to leverage substantial resources from connections at the district level**. Notably, however, not all villages have been able to capitalize on these two shifts to enhance capacity.

As noted in the discussion of assets and capacity above, changes in access to natural resources can significantly affect communities' abilities

to address problems. **In Jambi, the declining power of logging and plantation companies (relative to LLI2) has been a boon to medium and high capacity villages.**⁵² For these villages, national, provincial, and district policy changes⁵³ have both facilitated solutions to long-standing disputes with companies and improved resource governance through land protection. In Kelok Sungai Besar, the village head has spearheaded a decade-long campaign to resolve disputed claims over land planted with oil palm (see Box 5). This dispute was recorded in LLI2, but in 2000 the village's efforts (which had already been on-going for five years, awaiting action by the district parliament) seemed futile in the face of companies backed by the military. In the intervening years, however, the village head, working with other villagers with claims on the land, NGOs, and key actors in local government, took the case all the way to the Supreme Court where the villagers won. This case illustrates how the village's strengthened position relative to external actors has enhanced capacity, by resolving previously intractable problems.⁵⁴

Other villages have been able to **use district regulations to formalize their control over disputed land**. For example, the Sipahit Lidah village government was able to designate land as customary forest based on a higher-level regulation.⁵⁵ Enforcement of *adat* rules remains strong in Sipahit Lidah, strictly regulating use of this land. Other villages (Ulu Sebelat, Koto Depati) obtained edicts from the district head or governor to legalize their land claims.

⁵² These patterns have been noted in other resource-rich parts of Indonesia (see Wollenberg 2009).

⁵³ In the early years of decentralization, districts were given control over rights issued to companies. This authority was then taken back by the national government. See also Jambi provincial report (59-60) and McCarty, Vel and Affif (2012).

⁵⁴ Although the conflict with the company has been resolved, the distribution of benefits in the village remains contested. The village head is demanding a portion of each farmer's land as compensation for the funds he spent moving the case forward over the years. At the time of the LLI3 fieldwork, villagers expressed concern about this expectation and questioned whether the village head actually spent monies as he claimed.

⁵⁵ Law 32/2004 on Regional Governance

BOX 5:

Reclaiming land in Kelok Sungai Besar, Jambi

In 1992, a palm oil plantation company started to clear land in Kelok Sungai Besar. There was no discussion with the villagers beforehand and when they tried to stop the company, they were told that they would receive compensation of IDR 200,000 for every hectare of their land and that they would be given a large area of land to develop palm oil gardens in the plantation. However, the company reneged on its promises.

In 1995, the villagers filed a suit against the company. This action was led by T, the present village head, who hired a lawyer from a provincial legal aid organization. However, the suit was deemed unclear and rejected in court.

In 2002, the village head mobilized villagers to rally to district parliament. They managed to get the district parliament to form a team consisting of the local government, district parliament, and the company to conduct fact finding in the field. The work resulted in an agreement to give 165 plots to 165 households. As of the end of 2002, the agreement remained on paper.

In 2003, the village head, his staff and other community leaders met and discussed a plan to occupy the company's plantation. They notified the local police, district head and other relevant institutions about their plan. Villagers from 480 households, led by their neighborhood heads, divided the 1,680 hectares of land among them and tended to the plants. The district head gave a nod to this move as he was about to run for re-election.

In 2008, the village head found out that the company had filed an application for land tax exemption in the previous year. He then prepared all the documents to have the local land tax office issue the land tax form and paid the tax to 2009. In 2009, villagers started to harvest the palm oil. Seeing this, the company reported the villagers to the police for theft of the palm oil. Three villagers, including the brother of the village head, were arrested, charged and put on trial. This case triggered rallies to free the three, facilitated by a regional environmental group. The local media also helped bring the case into the public eye; and when violence erupted, the National Commission for Human Rights and other NGOs arrived on the scene and made the case national news. The court then discharged the three villagers and an appeal by the attorney to the Supreme Court was denied.

Another major rally was conducted in 2010 to resolve the case, with the support of regional NGOs. An agreement with the company was reached that villagers would get 168 lots in the plantation (2-2.5 hectares per lot) and the district head issued a decree to this effect. Other arrangements were made, including a crop-sharing agreement (villagers and company to get 70% and 30%, respectively) and an agreement that the villagers would pay for the land certificates and take out loans to develop the plantation.

In the end, however, the agreement did not work out as expected. The villagers got just 83 lots, as the remainder of the 168 lots had still not been planted. Turmoil continues, as another company had claims on some parts of the disputed land, underscoring the precariousness of villagers' gains.

Importantly, however, **capable leaders are needed to take advantage of this shift in power relations to enhance capacity.** The examples above all come from high- or medium-capacity villages. In contrast, some lower capacity villages are unable to take advantage of the opportunities offered by their stronger position. The most prominent example is from Pinang Merah, where the withdrawal of logging companies has resulted in excessive logging (see “Maintained Capacity” section of Chapter 4).

Another notable feature of these cases is the role of NGOs. WALHI, SawitWatch, and LBH⁵⁶ played key roles in helping Kelok Sungai Besar win its case against the oil plantation company PT SJL. WARSI⁵⁷ helped the village of Ulu Sebelat lobby for a decree of the district head to officially designate 690 hectares of land claimed by a palm oil company as customary forest. As noted earlier, **NGOs are generally not a factor in local capacity. However, they can be a significant ally for villages working to capitalize on their strengthened position relative to logging and plantation companies.**

The second major shift in power relations with external actors relates to the processes of decentralization and democratization since the turn of the millennium. **The shift of fiscal resources to the provincial and district level and the election of executives and legislators, have allowed villages to capitalize on political competition at the district (and sometimes provincial) level to leverage substantial contributions to problem-solving efforts.** Villagers show considerable sophistication in their strategies to mobilize funds, programs,

and political support to help address problems. When election campaigns are underway, village leaders target incumbents for assistance in exchange for electoral support. After the PT SJL case was settled by the high court, the Kelok Sungai Besar village head was able to speed up a local decision to restore the land to villagers, by contacting the district head during the 2010 electoral campaign (which resulted in the district head issuing a decree restoring 2400 hectares to the villagers). Similarly, in Ulu Sebelat, village leaders promised to mobilize residents for the election if the district head issued a decree returning 116 lots to the village.

In a particularly impressive show of organizing skills, the Koto Depati village head participated in a network of 30 heads of villages affected by the poor state of the road to the district capital. The network made investigations to find out how much the district had spent on maintaining the road for a decade, and met with provincial parliament members and the governor to question how the road could be in such disrepair when IDR 120 billion had been allocated for its maintenance. When the promised response did not materialize in two months, the network mobilized students studying in the district capital to demonstrate at the provincial parliament office. Subsequently, a three-year project, worth IDR 211 billion, was designed to repair the road. The Koto Depati village head attributes the effectiveness of this effort at least in part to the fact that the governor had only six months left in office before he would stand for re-election.

District parliament members are arguably the most frequent source of such election-related patronage. Villages can enhance capacity if it has resident members of the district parliament, who will channel funds and programs directly for the benefit of the village. This strategy has benefited Krajan, which has two resident members of the district parliament. Due to intra-village conflict, however, these representatives channel resources only to those hamlets within the village where

56 WALHI (Wahana Lingkungan Hidup Indonesia, or The Indonesian Forum for Environment) is a very well-established environmental NGO (see <http://walhi.or.id>). SawitWatch is a newer organization that works for environmental justice for smallholders, indigenous peoples, and workers (see <http://sawitwatch.or.id>). Lembaga Bantuan Hukum (YLBHI) is a well-respected legal aid organization (see <http://www.ylbhi.or.id/>).

57 WARSI is network of twelve NGOs from four provinces in Sumatra (South Sumatra, West Sumatra, Bengkulu and Jambi), formed in 1992, whose focus is biodiversity conservation and community development. (see <http://www.warsi.or.id/>)

their supporters live. The strategy of fielding a candidate can also backfire if the candidate loses. This was the case in Beral, where the former village head ran and lost. Because villagers did not support other candidates, however, they missed out on opportunities for patronage that now benefits other villages.

A different strategy for using the village's electoral leverage to gain district parliament patronage is by supporting one or more of the candidates that come to the village during campaigns, giving away money and gifts to gain support. The village head of Sungai Besar describes supporting two candidates in 2009, one of whom won 75% of votes in the village.⁵⁸ The winning parliament member promised to build a bridge if elected, and made good on that promise (after the village head submitted a proposal to justify its construction in 2010). He later notified the village head of leftover funds in the 2011 district budget, for which she submitted a proposal for construction of a road to the village's paddy fields (after consulting with other community leaders), which is currently being built.

Factors influencing capacity: SOURCES OF CAPACITY SHIFTS

The sources of capacity shifts are closely linked to the changes in assets and political economy discussed in the preceding two sections. Here, we look further at whether shifts are the result of cooperation (or lack thereof) between villagers themselves, with reformist/pro-village leaders within village government, and/or with external agents.

Collaboration Between Villagers

Cooperation between village residents themselves remains a significant source of capacity. As outlined above, villagers continue

⁵⁸ As an aside, the village head notes that, as she is not allowed to influence politics, she asked her unofficial staffers to encourage voters to support her candidate of choice. Note: Sungai Besar is the original/main village from which Kelok Sungai Besar split from.

to mobilize in response to collective problems, organizing water usage schemes, rotating labor groups, and technical solutions such as micro-hydropower plants. Other villagers are sources behind notable economic changes such as the switch from wild rubber to cacao in Buluh Perindu and the planting of higher-yielding cacao in Ulu Sebelat.

Further, **indigenous governance systems embodied in *adat* structures and practices continue to affect capacity in complex ways.**

In Jambi, resilient *adat* systems in upland areas are a means of mobilizing community members for problem-solving efforts, mediating inter-elite conflict, and holding both state and community leaders accountable. In places where these systems have been undermined or result in more competition than collaboration, however, they can become a source of conflict, thereby impinging on capacity.

However, there are also **some signs that collaboration between villagers is declining**, particularly independent of village government. As mentioned in the discussion of assets above, previously "voluntary" arrangements relying on norms of reciprocity and social sanctions may be shifting to a monetized basis. Non-state community members appear less frequently in problem-solving accounts than they did in LLI2.

These trends are echoed in the household survey data, showing community groups and community leaders less frequently involved (compared to LLI2) in response to common problems, and the relative decline of community-based assistance (compared to government-based assistance) for coping with household shocks. Household data also show general declines in community activities (see Chapter 5).

Collaboration With Reformist Officials

The relative decline in the community as a source of capacity shifts could signal increased

collaboration with reformist officials. The strengthened role of the village head provides the potential for enhancing capacity through such collaboration. In this sense, **the need for synergy has become greater – the village head has more power (both in terms of a more central role in problem-solving and, relatedly, as a key to the increased resources at the district level), so the downside of a lack of collaboration is greater than it has been in the past.**

As mentioned above, the **village head is likely to be reformist if there are accountability mechanisms from the community or other state institutions that align his interests with those of other villages.** When such mechanisms exist, there are numerous examples of officials in LLI villages collaborating with community members to address problems.

Collaboration With External Agents

In terms of collaboration with external actors, district agencies and officials stand out as a prominent source of resources (financial, legal, programs) to assist in problem-solving. Often, however, such **collaborations depend on villages having a village head who is able to pursue these resources and use them to address villagers' problems.**

There are also instances when, even after villages were able to initiate collaborations, responses from higher levels of government impeded problem-solving. In such cases, villagers were able to mobilize and access external resources, but implementation from external actors was incomplete, insufficient, or incompetent. For example, the provincial government's dredging of a dam supplying water to Mojo left 90% of the accumulated silt behind, offering little relief to water-starved farmers. Similarly, villagers in Mataloko accessed technical assistance for well drilling but the depth was insufficient to provide water.

As noted, **NGO involvement remains limited but when such groups are involved they can contribute to positive outcomes**, particularly in negotiations over land with private companies.

SUMMARY AND IMPLICATIONS

Looking across villages, most had no change in capacity. These were largely high capacity villages able to use their existing social structures and past positive experiences with mobilization to address new problems and capitalize on opportunities provided by broad political changes. Of the remainder, about half had declining capacity, due, in part, to deteriorating assets and unresponsive formal leaders. In contrast, about the same proportion of villages had increased capacity, including several considered low capacity in LLI2. Capacity increases were largely due to villagers' efforts to increase assets, although reformist officials and external actors contributed to a lesser extent.

These shifts in capacity reflect the interplay of multiple forces – assets (natural, human, financial, physical, cultural and social), political economy or power relations within the village and between the village and the supra village agents, and whether there is co-operation (or lack thereof) between these agents. High capacity villages in resource-rich areas have been able to enhance natural assets, but this is not the general rule. Social assets show some decline, with fewer voluntary groups and less prominence of non-state-leaders in problem-solving. Participation in community activities has decreased, as have rates of collective problem-solving. However, the study also found that in upland areas in Jambi resilient *adat* systems remain a means of mobilizing community members for problem-solving efforts, mediating inter-elite conflict, and holding both state and community leaders accountable.

Capable local leadership appears to be a keystone to augmenting village assets. With decentralization, village heads have gained prominence, and those with strong networks can bring resources to the

village to enhance capacity. However, capacity is undermined if these new resources only benefit himself or a small group of supporters which leads to dissatisfaction, unwillingness to collaborate, and internal conflicts. A village head is likely to be a reformist if there are accountability mechanisms from the community (*adat*) or other state institutions (BPD, and potentially, the district). When such mechanisms exist, there are numerous examples of officials in LLI villages collaborating with community members to address problems. Collaboration with the district and other external agents also turns out to be important to assist in solving problems. Often, however, such collaborations depend on villages having a village head to pursue these resources (being pro-active) and use them to address villagers' problems.

To enhance capacity, policies and programs need to find ways to encourage collaboration between village heads and constituents. Given that increases in capacity are generally initiated by community members, and therefore cannot be readily anticipated, external actors should find ways to support such initiatives when they do occur. With the enhanced role of the village head, accountability mechanisms are needed to balance the power concentrated in this office, communicate local needs to the village head, and monitor whether resources are channeled to community priorities. External actors can also work to mitigate declines in natural resources that repeatedly test villagers but are often overwhelming in scope.

At the broader level, these changes indicate that, while Indonesia's transition to democracy and decentralization has been far from perfect, all is not as it was. New political elites have emerged and replicate many of the practices of their predecessors (c.f. Hadiz, Van Klinken). However, the shifting political economy has strengthened the position of at least some villagers in resource-rich areas and enhanced their control over assets. While these effects may be limited to certain parts of the country, they are nevertheless concrete

changes enhancing livelihoods for local peoples and, in some cases, producing better resource management.

As power relations are dynamic and remain in flux, gains in citizen control over resources may be fragile. In particular, conflicting authority between levels of government could threaten these gains. For instance, in spite of the decree of the district head designating customary forest in Sipahit Lidad, the land remains designated as production forest (*hutan produksi*) at the Ministry of Forestry in Jakarta and can be assigned to forestry companies for exploitation. Similarly, a portion of the long-fought-for land in Kelok Sungai Besar is also claimed by another company that has been given legal rights to the land, setting the village up for another conflict. In Jambi (and possibly other resource-rich areas of Indonesia), these overlapping claims could potentially result in a pattern of conflicting claims and irresolvable disputes, not unlike the situation observed in NTT. There, multiple claims and unaligned governance systems⁵⁹ create disputes and hold up provision of public goods, undermining capacity by limiting access to assets and drawing energy and resources from other problem-solving efforts. As a general point, then, it is critical to clarify authority over resources, to avoid reversing the capacity gains observed.

⁵⁹ In NTT the conflict is between *adat* and state systems, rather than between levels of government.

Table 1. Villages with declining capacity

VILLAGE	LLI2->3	ASSETS	POLITICAL ECONOMY	SOURCE OF CHANGE
Mojo (Central Java, Ward)	M->L	Worsening access to irrigation water Reduced social assets: Monetization of reciprocity; Lack of structures to mobilize collective responses – low capacity rating result of no collective response, rather than failure to resolve	Ward head is fair, communicative, well-liked, able to raise contributions from residents and funds from external sources	Higher level government's change in water management reduces local control Signs of less community collaboration
Beral (Central Java)	M->L	Water problems getting worse & more difficult to mitigate Few signs of economic improvement Tendency to formalize/ monetize reciprocity	New village head focuses only on personal, rather than collective, good No DPRD representation	Fewer signs of community collaboration Less reformist village head
Karya Mukti (Central Java)	M->M/L	Village funds directed to village head's pet project Urbanization (lack of employment opportunities noted in both LLI2 & LLI3, indicating reliance on non-agricultural income)	BPD active in monitoring village head until change in status Village head monopolizes and abuses external funds LLI3 research team identified class differences as thwarting collective action	Reduced collaboration with reformist officials since monitoring role of BPD abolished
Kali Mas (Central Java, Ward)	H->M	Problems with access to irrigation water & land quality Urbanization provides good education, health, water services, so villagers see less need to mobilize to address problems	Current ward head more autocratic than prior, lives outside village. Villages mobilize through neighborhood heads and farmer groups LPMK ⁶⁰ critical of ward head's leadership style but conflict between head and vice ended LPMK efforts to represent residents' views to the head	Less collaboration with reformist officials as ward head is less open than predecessor; district head did not consider the ward head's poor performance in another village before appointing him to lead to Kali Mas
Krajan (Central Java)	H->M	Reliance on and disputes over income from forest DPRD members from new elite bring resources only to supporting hamlets	Current village head is unable to control (and is product of) inter-elite conflict between dynasty & migrant leaders	Reduced community collaboration due to inter-elite conflict
Mataloko (NTT, Ward)	H->M	Clan control over land blocks building of public infrastructure Some successful organizations (cooperatives, UPH) set up to address collective problems	Ward head disconnected from villagers' problems Government leaders have no control over clan heads, but clan heads unable to collaborate Inter-elite conflict among clans; clan heads prioritize personal over collective interests Clans overlap village boundaries; can create problems (giving away of water sources) and mobilize resources (clan members channel technical assistance and project funds)	Adat institutions still effective to mobilize response from individual clans, but problems requiring inter-clan coordination rarely successfully addressed District government contributes to coffee marketing scheme

Source: LLI3 FGDs & interviews

60 Lembaga Pemberdayaan Masyarakat Kelurahan (Ward Community Empowerment Board)

Table 2. Villages with increasing capacity

VILLAGE	LLI2->3	ASSETS	POLITICAL ECONOMY	SOURCE OF CHANGE
Tiang Berajo (Jambi)	L -> M/L	<p>Decline in natural resources from river has led to increased competition and conflict with neighboring villages over gold in river</p> <p>Village government establishes "grey zone" to resolve inter-village land disputes</p> <p>Reforestation of river initiated by district</p> <p>Javanese migrants have gained significant wealth in last decade (switching relative wealth position of native villagers & migrants)</p> <p>All villagers can now get waged work in gardens to meet daily needs</p>	<p>Village head does not communicate with the villagers, relying instead on input only from his elite supporters</p> <p>Inter-elite conflict between old & new village head camps – undermine each other rather than work for villagers</p> <p>Javanese migrants have become wealthy and powerful contingent working behind the scenes of village government</p>	<p>Village officials somewhat successful in mediating resource conflict</p> <p>Significant increase in wealth provides more assets for problem-solving (villagers)</p>
Buluh Perindu (Jambi)	L-> M/H	<p>Switch to cacao (from collection of wild rubber in LLI2)</p>	<p>Declining company power allowed villagers to mobilize demonstrations & negotiate land/benefits (although the elite still get most benefit)</p>	<p>Handful of expert farmers popularized cultivation of cacao (community)</p>
Ulu Sebelat (Jambi)	L->M	<p>Formation of modified hydro-power groups after realignment of village boundaries</p> <p>Increased cacao productivity</p> <p>WALHI help to reclaim disputed land</p>	<p>New village relatively weak</p> <p>Declining power of logging companies strengthened relative position of village in land disputes</p> <p>Inter-elite conflict between village head & 'gangsters' with connections to police & district</p>	<p>NGO assistance to reclaim land</p> <p>Migrant villagers brought higher yielding cacao variety</p>
Walet (Central Java)	L->M	<p>Efforts to increase rice productivity</p>	<p>Village head open and interested in addressing villagers' problems; innovative experiments to set example for residents</p> <p>Village head has good external connections</p>	<p>BPD retained as channel for villagers' problems & accountability of village head</p> <p>Village head is a source of ideas and resources</p>
Waturutu (NTT, Ward)	M->H	<p>Households have improved access to water from wells (program & community funded)</p> <p>Organize rotating savings group to raise funds for household electricity connections</p> <p>More remote (less urban/diverse) hamlets better able to sustain collective activities than richer households in central hamlet</p>	<p>Ward head helps get access to programs, tries to organize villagers (but overwhelmed)</p>	<p>Villagers are main source of capacity improvements</p>

Source: LLI3 FGDs & interviews

CHAPTER 5: CURRENT ORGANIZATIONAL LANDSCAPE AND CHANGE SINCE LLI2

I. Introduction

It is expected that during the 16-year period between the LLI1 and LLI3 surveys and analytical activities, the organizational landscape that communities confront and in which they participate will have changed significantly. Likewise it is expected that the patterns of individual, household, and community participation in and contributions to that landscape, as well as the nature and extent of that landscape's products for the same individuals, households, and communities, may have also changed significantly. The organizational landscape is also an integral asset, essentially the social infrastructure, on which local capacity relies. This chapter processes much of the data and information available from the three LLI household surveys to summarize the size, scope, and regional flavor of these changes. It contributes to answering Research Question 2 by looking in depth at how social assets have changed over time, and provides some insights to Research Question 3.

II. Participation

The number of communal activities that LLI households report participating in⁶¹ declined modestly from LLI1 to LLI3; however, this overall decline is composed of a sizeable 25 percent decline in the NTT study area and more modest increases of about 10 percent in Jambi and Central Java. The within province changes over time are also not consistent. For example, taking first the changes in participation between LLI1 and LLI2 followed by the changes between LLI2 and LLI3: participation was more or less unchanged and then increased in Jambi; increased by over 50 percent and then decreased by nearly the same amount in Java; and in NTT, fell by over 17 percent and then fell but at a rate slower by nearly half. In other words, the very modest *overall* decrease in participation⁶² masks very different trajectories both within a period across regions and within a region across time.



61 In all LLI rounds, households were asked whether any household member was still participating in a listed activity and, if so, how many times that member (or those members) attended or participated in that activity over the course of the previous month. LLI2 questionnaires did not, but LLI3 questionnaires also asked about participation over the previous three months, and correlations between the 1-month and 3-month participation rates within LLI3 are very high.

62 The large increase in the number of "Listed groups, activities, and organizations" (columns (1)-(3)) is at least partially due to slight changes in household survey questionnaire wording and also slight changes to survey enumerator instructions. LLI2 essentially combined attendance and participation over a one-month period to get a complete list of activities in which households participated. LLI3 separated attendance (over the previous three months) from participation, and likely counted even very casual participation as "attendance". However, the standards for definite participation are equivalent in both survey questionnaires. Naturally, the increase in the number of listed activities coupled with (on average) flat participation implies that the rate of participation in listed activities has fallen from LLI2 to LLI3.

Table 1: Listed community activities and participation⁶³

	(1)	(2)	(3)	(4)	(5)	(6)
	Listed groups, activities, & organizations			Participation events		
	LLI1	LLI2	LLI3	LLI1	LLI2	LLI3
LLI study area	7218	8434	14163	6210	7028	5923
Jambi (Sumatra)	1602	2092	3939	1273	1485	1727
Consistent # hh*				1536	1485	1727
per-svy hh*	4.0	4.4	8.2	3.2	3.1	3.6
Central Java	2947	4759	6919	2359	4285	3060
Consistent # hh*				2838	4285	3060
per-svy hh*	7.4	9.9	14.4	5.9	8.9	6.4
NTT (East Nusa Tenggara)	2669	1583	3305	2578	1258	1136
Consistent # hh*				1523	1258	1136
per-svy hh*	6.7	6.7	13.9	6.4	5.3	4.8

*In LLI1, 400 households were interviewed in each province for a total of 1200 households. In LLI2 and LLI3, the survey visited 480 households in Sumatra, 481 households in Java, and 238 households in NTT for a total of 1199 households. For each province's "Participation Events" (columns 4-6), a row is added displaying the implied number of participation events for a constant, 480 Jambi - 481 Java - 238 NTT - household survey

The per-household rates of participation show essentially the same patterns as the cumulative data: almost unchanged participation in Jambi from LLI1 to LLI2 followed by increases in the order of 10 percent from LLI2 to LLI3; 50 percent (or greater) increases in participation in Java from LLI1 to LLI2, followed by nearly similar decreases in participation from LLI2 to LLI3; and first rapidly, then less-rapidly, declining participation in NTT from LLI1 to LLI2 and then LLI2 to LLI3 (respectively). So this shift in participation does not seem to be caused by marginal or outlier households. The LLI2 data provide a snapshot of Indonesia in the early years of the social and economic tumult that followed the 1997 Asian financial crisis; the decline and exit of the Suharto dictatorship in 1998; and the massive political and governance reforms from 1999 to 2002. It is clear that these events had varying impacts on communal activity participation in LLI regions.

Table 2 provides additional detail at the household level. In LLI1 and LLI2, households participated in nearly all of the activities they listed; but by LLI3, household participation rates (from listed activities) fell to about half, while the number of listed activities (per household) rose. Overall, the average number of activities participated in a household per month first rose, from five to seven between LLI1 and LLI2, and then fell back to five, between LLI2 and LLI3. **Over the entire LLI period (to date), households in Jambi added one activity, NTT households dropped one, and households in Java remained stable, participating in six activities per month.**

While the total number of activities has stayed approximately constant, the frequency of households' participation in these activities (per month) has fallen noticeably, with the largest proportion of that decrease occurring since LLI2. The total number of times (per month) households participate in any activities

⁶³ All tables in this chapter have the LLI1, LLI2 and LLI3 HH surveys as their source.

fell from 30 in LLI1 to nine by the time LLI3 was fielded. Likewise, the average number of events attended per activity has also fallen markedly: by approximately one-third from LLI1 to LLI2 (from six attended events per activity to four) and then again by half (from four to two). The overall decline is composed of moderately-accelerating declines in Jambi, constant declines in Java, and a significant *increase* followed by an even larger decrease in NTT, between the LLI1 and LLI2 and LLI2 and LLI3 study years, respectively.

Since LLI households in all study areas have become smaller and contain a higher ratio of older to younger dependents (data not shown here), some of the recorded changes in participation rates could be due to changing

household size or profile. Table 2 summarizes the evolution of per capita participation rates for all household members and for dependent members only (defined as any present household member who is under 13 or over 65 years old). These per capita rates also show consistent decline from LLI1 to LLI3, with the bulk of that change occurring after LLI2 was fielded: for example, while an LLI household member accounted for approximately seven events in LLI1 and LLI2, by LLI3 that number had fallen to three. **These patterns in the per capita rates of participation suggest that even though households have gotten smaller and older, participation rates are falling across all sizes and profiles of households and demographic changes alone do not explain the decrease in participation.**

Table 2: Household rates of participation in communal activities (per month)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	LLI1				LLI2				LLI3			
	Over all	Jambi	Java	NTT	Over all	Jambi	Java	NTT	Over all	Jambi	Java	NTT
Listed activities	6	4	7	7	7	4	10	7	12	8	14	14
Participating activities	5	3	6	6	7	4	9	6	5	4	6	5
Total attended events, all activities	30	25	33	30	24	13	28	37	9	8	11	10
Avg. times attending per activity	6	7	6	5	4	4	3	8	2	2	2	2
Total attended events, per capita	7	5	8	6	7	4	9	8	3	2	3	2
Times attending per activity, per capita	1	2	2	1	1	1	1	2	1	1	1	0.5
Times attending per activity per dependent	3	4	4	3	3	3	2	5	1	1	1	1



III. Types of Group's Activity⁶⁴

Table 4 and Chart 1 below present summaries of the changing profile of the most popular groups' activities. Table 4 shows the share of overall group participation by activity type, or the number of times the activity was listed divided by the total number of listed activities with verified participation. Of the 24 possible changes in the share in participation from LLI1 to LLI3, only four are changes of magnitude of ten percentage points or greater: Social service activities rose in popularity in Jambi and declined in popularity in NTT by about the same magnitude (between 10 and 11 percentage points), while participation in religious activities rose in popularity and participation in governance activities declined in popularity in NTT by roughly the same magnitude (between 11 and 13 percentage points).

This observed fall in participation is confirmed by households' own perceptions of the time they spend in activities: when asked whether their participation in communal groups had increased or decreased the proportion of households participating less climbs from 19 to 28 to 39 percent, while the proportion of households participating more falls from 52 to 48 to 33 percent, from LLI1 to LLI2 to LLI3 (Table 3).

As NTT accounts for three of four greater than ten percentage point shifts, by this measure it is the LLI study area where the greatest shifts in participation profile have occurred. Recall from earlier, however, that total activities and total participation days fell most steeply in NTT too, so it is likely that a greater proportion of the overall profile shift is due to the disappearance of previously popular activities rather than the emergence of new activity types which attract participants from other groups.

Table 3: Household recall, relative to 4-5* years ago

Does this household...?	(1)	(2)	(3)	(4)	(5)	(6)
	Participate in more or fewer organizations?			Participate in more or fewer groups?		
More	52	48	33		46	40
Equal	29	24	27	n/a	25	27
Fewer	19	28	39		30	31

*In LLI1, respondents were asked about their current rates of participation relative to five years ago while in LLI2 and LLI3, respondents were asked to respond relative to four years ago.

⁶⁴ The survey asked about participation in groups and types of activities the groups are active in.

Table 4: Popularity of Group by Activity Type

Panel A: Share of total group participation by activity type												
Type	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	LLI1*				LLI2				LLI3			
	Over all	Jambi	Java	NTT	Over all	Jambi	Java	NTT	Over all	Jambi	Java	NTT
Social Service	27	27	26	28	32	22	37	30	26	37	24	18
Production	4	4	2	5	2	4	2	1	3	3	4	3
Workers	6	9	1	8	16	15	15	22	5	1	5	10
Credit/ Finance	19	12	26	12	19	9	25	17	18	5	26	17
Religion	18	27	9	20	24	46	13	26	26	31	21	33
Nat. Res. Mgmt.	3	2	4	2	1	2	1	1	1	<1	1	1
Governance	19	15	28	22	<1	<1	1	<1	13	18	10	11
Recreation	3	5	3	1	3	0	4	1	4	1	6	5
Politics	n/a				2	3	2	1	2	3	2	1
Panel B: Activity type rank (according to share in total participation)												
Social Service	1	1/2	2	1	1	2	1	1	1	1	2	2
Production	6	7	7	6	7	5	7	5	7	6	7	7
Workers	5	5	8	5	4	3	3	3	5	7	6	5
Credit/ Finance	2/3	4	1	4	3	4	2	4	3	4	1	3
Religion	4	1/2	4	3	2	1	4	2	2	2	3	1
Nat. Res. Mgmt	8	8	5/6	7	8	7	8	7/8	10	10	9/10	8
Governance	2/3	3	3	2	9	8	9	9	4	3	4	4
Recreation	7	6	5/6	8	5	9/10	5	7/8	6	8	5	6
Politics	n/a				6	6	6	6	8	5	8	10

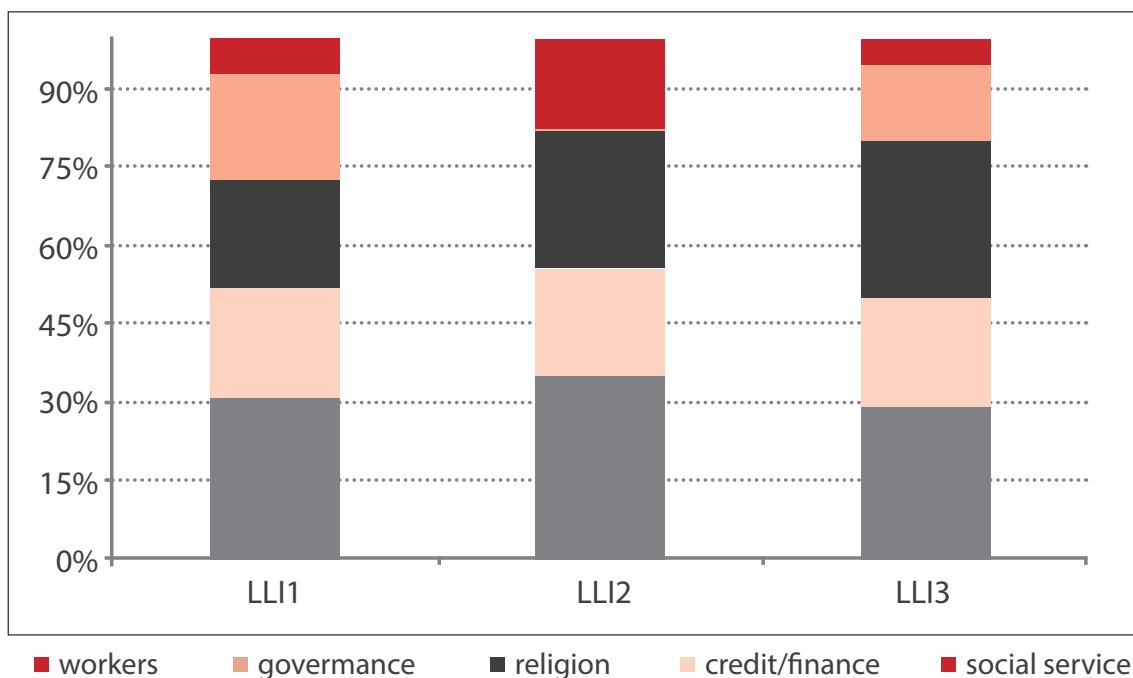
*For the purposes of comparison, participation in LLI1 activity types "Natural Resource Management" and "Environment" were grouped together under "Nat. Res. Mgmt" in this table. Additionally, the LLI1 "Government" activity type is used interchangeably with the LLI2 and LLI3 "Governance" activity type.

Participation in groups with religious activities rose in popularity in all study areas between LLI1 and LLI3. These activities saw the largest overall increase in popularity (7.5 percentage points), and by LLI3 were equal to groups with social service type activities for the largest share in overall participation. The activity type that saw the largest decrease in share over all study areas was governance, which in LLI1 was about equal in popularity to credit/finance and religious activities (all three more or less tying for second most popular activity type), but which by LLI3 had fallen in popularity to a definite fourth place. **Credit and/or finance groups' overall share and rank stayed about constant**, (at just under 20 percent of all participation and third most popular activity), although in Jambi and Java there were moderate declines in the popularity of these

activities while in NTT they increased in popularity by about the same magnitude.

A longitudinal perspective of activity types indicates that of the four most popular activity types, most of the change in the share in total participation came between LLI2 and LLI3. For social service activities, for example, the increase in popularity between LLI2 and LLI3 more than reversed the decline in participation in those activities between LLI1 and LLI2 in Jambi, and also more than reversed the increase participation in those activities between LLI1 and LLI2 in Java and NTT. Only in participation of credit/finance group activities in Java and NTT did the change between LLI1 and LLI2 contribute more towards the total change than did the change between LLI2 and LLI3.

Chart 1: Share in total groups' participation by type of activity



Note: These five types of groups' activity represent 85-95% of all participation (all years). The other types of groups' activity are: production, natural resource management, politics, and recreation.

Altogether, these facts suggest that NTT experienced the most comprehensive and wide-ranging shifts in the profile of groups' participation (while also experiencing the largest decline in participation in all community activities). Groups with religious activities had the most consistent increase in popularity (across regions and time periods), while groups with governance activities experienced the most consistent decrease in popularity. Groups with social service activities accounted for the largest share of participation in both LLI1 and LLI3, and also had the greatest "reweighting" across the LLI study region, as the most frequent source of participation in this activity shifted from NTT to Jambi.

As a result of these changes, by the time the LLI3 questionnaires were fielded, **households in Jambi were typically participating (at least once a month) in two social service groups and one or two religious groups (for a total of three to four groups overall); in Java, households participated in two social service groups, two credit/finance groups, and two religious groups (for approximately six groups overall); and in NTT, households typically participated in one to two social service groups, one to two credit groups, and one to two religious groups (for approximately five groups overall).**

Regional idiosyncrasies may not be fully explained by household behavior alone. The LLI3 survey traced previous communal activities listed in LLI2 and asked, for each activity listed, whether households were still participating, no longer participating, or whether the activity had ended without the withdrawal of participation. **In Jambi, very few households (13 percent) indicated that listed social service activities had ended, while in NTT and Java, where participation in groups with social service activities declined, households more often indicated that such activities had ended.**⁶⁵

⁶⁵ Therefore, different regions may present environments that are either more or less effective at sustaining participation in communal activities, and these environments (as well as household motivations, incentives, and preferences) should be expected to change over a period as long as the one between LLI2 and LLI3.

Rates of participation and ending of an activity may also be related to the identities of the founding group members. Table 5 and Chart 2 below present a summary of the founders' identities for a subset of groups' activities that were popular in both LLI2 and LLI3.⁶⁶ The first panel in Table 5 presents the share that government, family or relatives, NGOs/CSOs/churches and mosques, and neighbors had in the individuals or entities that established formal social service, credit/finance, and religious groups.⁶⁷ The second panel summarizes the same information for the formal workers' and governance groups.⁶⁸ Chart 2 displays the same information (aggregated across the two panels in Table 5) in the form of a graph.

The household survey clearly indicates that **in all LLI study regions, government exited the community group formation and foundation business rapidly between LLI1 and LLI2. Then, most noticeably in Java and less so in Jambi, governments re-established themselves as initiators of community groups between LLI2 and LLI3, while in NTT they continued to exit** (though less rapidly than between LLI1 and LLI2). In Java, for example, where governments were the most frequent – and nearly exclusive – founders of all popular groups in LLI1, government participation in community group formation and foundation decreased drastically to LLI2, before making a comeback between LLI2 and LLI3, such that by LLI3 government activity in community group initiation in Java was at about 80 percent of its LLI1 level. In Jambi, a recovery of lesser magnitude between LLI2 and LLI3 period left government participation in the foundation of

⁶⁶ The set of activities for which founders can be identified is limited to those (a) which households are still participating in and (b) which have formal management (pengurus tetap). Therefore, founders' identities cannot be identified for informal activities nor to rates of participation or ending of an activity.

⁶⁷ These three categories accounted for about 76 percent of all participation in LLI2 and 73 percent of all participation in LLI3.

⁶⁸ The former accounted for approximately 16 percent of all participation in LLI2 (falling to five percent by LLI3) and the latter accounted for approximately 13 percent of all participation in LLI3.



community groups at about 34 percent of its LLI1 level. Meanwhile, in NTT a steady decline across all LLI rounds leaves government participation in the establishment of community groups at approximately 27 percent of its LLI1 level.

When governments stop establishing community groups, neighbors, and to a slightly lesser extent, NGOs/CSOs or churches/mosques, become more involved in establishing these groups. Conversely, when governments participate more in founding community groups, neighbors and NGOs/CSOs or churches/mosques scale back activities. Overall, the large decrease, followed by a sizeable increase, in government activity in founding community groups in Central Java is largely due to government dynamics. The changes in the two other LLI regions – the new founding of community groups by neighbors in Jambi and NTT and by NGOs/CSOs/churches in NTT – tend to wash out when aggregated across the entire LLI study area.

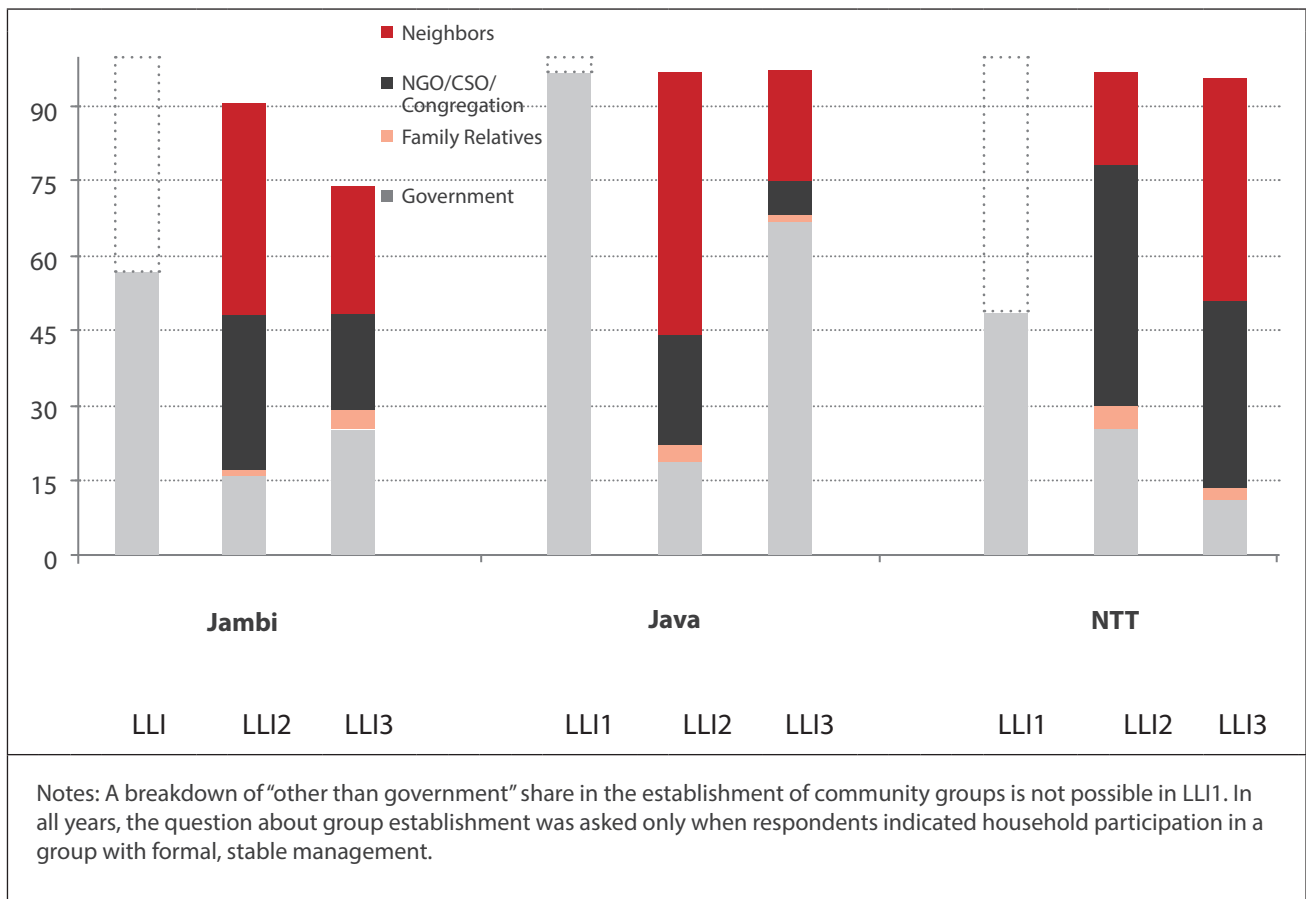
These patterns partially confirm but also add nuance to our hypothesis that government founded groups would decline in importance. In 2002, relatively soon after the demise of the New Order (and its drive to monopolize communal life), governments everywhere let wither their proclivity for establishing and/or regulating formal organizations. However, after more than a decade of persistent and unpredictable innovations and revisions to the scale, scope, and flexibility of decentralization and political competition, **governments in different regions are taking divergent paths: in Jambi, they have regained some ground, though they remain far less involved than they were in and around the LLI1 study period; in Java, they have come back in force; and in NTT, their participation in the organization of popular community activities continues to decline.** The re-emergence (in some areas) of the state is also reflected in the strengthened role of the village head in problem-solving (see Chapter 3) and in village government generally (Chapter 5).

Table 5: Share in the establishment of all formal groups attended

Type of founder	(1)	(2) LLI1*	(3)	(4)	(5)	(6) LLI2	(7)	(8)	(9)	(10) LLI3	(11)	(12)
	Over all	Jambi	Java	NTT	Over all	Jambi	Java	NTT	Over all	Jambi	Java	NTT
For all formal social Service, credit/finance, or religious groups attended												
Government	65	57	97	49	19	16	19	25	44	26	67	11
Family/ Relatives					3	1	3	5	2	3	1	3
NGO/CSO/ Church/ Mosque	35	43	3	51	32	31	22	48	18	19	7	37
Neighbors					41	43	53	19	30	27	22	45
Other					5	10	3	2	3	18	1	0
For all attended formal groups of type Workers or Governance												
Government	1.0	1.0	1.0	1.0	33	24	44	35	50	27	89	29
Family/ Relatives					7			23				
NGO/CSO Church/ Mosque	0.0	0.0	0.0	0.0	11	22	1	7	18	10	2	28
Neighbors					30	14	54	29	28	48	9	33
Other					18	41	1	5	3	13	0	0

*In LLI1, respondents were given only two options for the identity of an activity's founder: "state" or "community". For the purpose of comparison, LLI1 "state" responses are here grouped as "government" and LLI1 "community" responses are grouped as the accumulation of all other non-state actors in the LLI2 and LLI3 surveys.

Chart 2: Share in establishment of all formal groups



IV. Informality

While overall the number of activities pursued has declined, the LLI household surveys indicate that the remaining activities which households spend time pursuing have become slightly less formal. In LLI2, approximately 67 percent of all attended activities had formal leadership⁶⁹ (Table 6); this fell to 56 percent by LLI3. In essence, this means that overall, participation in activities with formal leadership fell faster than did **participation in all activities, and this decrease in formality is above and beyond the general decline in participation.**

Region-by-region, there are again diverging trajectories that are somewhat hidden in the LLI study-wide average. For example, **in NTT,**

⁶⁹ For those activities in which households still participate, respondents were asked whether the activity had a formal management, that is, an individual or a small team that leads or manages the group.

participation continues to become more formalized so that for the top three most popular activity types in that region in LLI3 (social service, credit/finance, and religious), over 90 percent of their participation is in formally organized groups.⁷⁰ **In Jambi, formality in most popular activities has decreased, but nearly all of the decrease was experienced after LLI2. In Java, some popular activities, such as social service activities, are no longer as formal, while others like credit/finance and religious activities have gained in formality, leaving the overall level of formality in communal activities as a whole largely unchanged from LLI1 to LLI3.**

⁷⁰ This, coupled with the overall drop in participation in NTT, and the steady exit of government in the establishment of formal groups, may suggest that formality in organization has been and remains necessary for an activity to continue in NTT and that the activities with the greatest longevity are mimicking what the state did previously in NTT; that is, they are providing formal organization.

Table 6: Rate (%) of formal leadership in all activities with participation

Type	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	LLI1*				LLI2				LLI3			
	Over all	Jambi	Java	NTT	Over all	Jambi	Java	NTT	Over all	Jambi	Java	NTT
All activities	60	49	54	72	67	52	70	80	56	29	59	91
Social Service	73	72	92	58	50	51	46	63	43	18	53	91
Workers	2	0	7	1	57	41	55	76	40	4	17	77
Credit/Finance	35	68	14	69	92	79	95	91	85	14	91	93
Religion	48	9	1	98	72	51	88	98	55	45	40	96
Governance	100	99	100	100	91	0	94	n/a	19	8	5	82

* The LLI1 “government” activity type is used interchangeably with the LLI2 and LLI3 “governance” activity type.

The decrease in formality is evident in the household data as well. Table 7, which summarizes the rate of household participation in formal activities, demonstrates that the rate of participation in formally organized activities (as a share of all activities participated in by the household) has fallen, as has the number of times a month that a household participates in a formally organized activity. These summaries indicate that the **decline in formally organized activities is not attributable solely to the overall decrease in household participation in groups or organizations as the formality of all activities in which households participate is also declining.**

The same pattern presents for another facet of formality – the existence of sanctions for absence from activities. In LLI2, 82 percent (weighted average) of all attended activities had sanctions for absenteeism, while only 18 percent had no such sanctions. By LLI3, the ratio of attended activities with sanctions to those without had shifted to approximately one: there were as many activities without sanctions as with. This trend was driven primarily by a very large decrease in sanctioning behavior in groups in Java

(from 85 to 28 percent), a smaller drop in NTT, and a small increase in sanctioning behavior in Jambi.⁷¹

V. Benefits

When asked what benefits they expect to gain from participating in community activities and groups, households most often answer “integration” followed by “information”, and overall, those two answers have remained popular from LLI2 to LLI3, though fewer NTT households claim to receive information from their participation, and integration was seen as a benefit in fewer Javanese households than in LLI2 (see Table 8 below). “Access and rights”, which in LLI2 was the third most frequently identified benefit overall, was seen as a benefit by more households in Java, and fewer in Jambi in LLI3.⁷²

71 LLI1 asks households about fines or other social sanctions for one type of activity only – reciprocity – and therefore LLI1 data are not directly comparable to the richer LLI2 or LLI3 data. However, cross-section rates of sanctioning in LLI1 (in reciprocity) broadly match the cross-section LLI2 rates (in all attended activities). The lowest rate (47%) is in Jambi villages, with a higher rate in Java (67%), and the highest rate in NTT (84%). This may suggest that most of the change in this aspect occurred after LLI2.

72 By inquiring, for the three most important groups in which they participate in LLI1, why households joined these groups and if they have gained access to certain goods and services by participating in

Table 7: Household rates for participation in formally managed activities

Type	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	LLI2				LLI3			
	Overall	Jambi	Java	NTT	Overall	Jambi	Java	NTT
Total activities	4.4	2.1	6.3	4.9	2.8	1.0	3.7	4.3
Rate (out of all participating activities)	0.6	0.5	0.7	0.8	0.5	0.3	0.6	0.9
Total participation events	17	7	17	35	5	2	5	9
Times participating per activity	4	3	3	7	2	2	1	2

Notably, the **only category of benefit that fell in frequency in every region was “infrastructure”**.

By LLI3, only three percent (weighted average) of households indicated that the benefits of participation included infrastructure.

Regionally, and in an overall atmosphere of declining participation, both NTT and Jambi households have switched to groups and organizations which provide them with better prospects for integration and away from groups providing access and rights (Jambi) or groups providing information (NTT). In Java, integration is a less frequent benefit than in LLI2, while both information and access/rights are now more prevalent as a result of group participation.

those groups, the LLI1 survey also asked households indirectly about benefits received. The LLI1 data are thus not directly comparable to the LLI2/LLI3 data, but the LLI1 “access” questions can be discussed in comparison with LLI2 and LLI3. In particular, those LLI1 activities which households considered important brought access to infrastructure - electricity, irrigation, and water/sanitation installations - about seven percent of the time (rising to 19 percent if “infrastructure” is expanded to include private goods like agricultural inputs and land). These same groups brought access to education/training about 40 percent of the time, to credit/savings about 27 percent of the time, and to health services about eight percent of the time. In other words, LLI1 activities bring infrastructure between seven percent and 20 percent of the time, and “access” more generally about 10 percent to 40 percent of the time, which is in line with LLI2 benefit patterns. As for formality (see above), this is consistent with a trajectory where benefit profiles - at least those related to access and infrastructure - changed most drastically after LLI2 (and not between LLI1 and LLI2).

VI. Who participates?

Given the rapid pace of income growth; decentralization and other political reforms; and the intertwined and shifting trajectories of urbanization and sectoral contributions to the Indonesian macroeconomy between the LLI1, LLI2, and LLI3 surveys, the patterns of participation in activities, groups, and organizations exhibited in the LLI surveys appear to have experienced quite mild shifts overall. However, the LLI surveys allow a few glimpses into within household decision-making, and the changes in these patterns of participation are more marked.

Tables 9 and 10 below provide a snapshot of the within-household patterns of participation for the most popular activities - social service, workers/governance, credit/finance, and religious activities - in LLI1, LLI2, and LLI3. Table 9 shows that it is still quite common in all regions for the household head, the spouse, or the head and spouse together to do the participating - those combinations account for about 73 percent and 72 percent of all participation in LLI2 and LLI3 (respectively). However, what is striking is that the spouses of household heads - nearly all women in all study regions in both LLI2 and LLI3 - in LLI3 account for about 26 percent *more*

Table 8: Share of participating households who receive [...] benefits from participation

Type	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	LLI2				LLI3			
	Overall	Jambi	Java	NTT	Overall	Jambi	Java	NTT
Information	31	32	31	29	31	31	38	18
Integration	37	40	35	37	38	54	25	58
Infrastructure	10	7	9	14	3	2	2	5
Access/Rights	22	21	25	20	28	13	35	19

participation than household heads, while in LLI2 they accounted for approximately 20 percent *less*.

So while participation has decreased overall, spouses have moved from a minority share in participation (in the most popular activities) to a majority share.

This shift in the identity of participants has occurred in all study regions and by similar magnitudes. If one sets the share of total participation accounted for by household heads at 100, the share of total participation by spouses can be compared to that benchmark. So spouses in Jambi, who generated participation equal to 69 percent of the total participation by household heads (for a “score” of 69) in LLI2, had by LLI3 generated participation equal to 106 percent of household head participation (for a score of 106); that is a 52 percent increase in score. Analogous calculations show 66 and 25 percent increases in spouses’ scores in Java and NTT respectively, where spouses began (in LLI2) with participation scores equal to 84

Further disaggregation by activity type (not shown here) demonstrates that the **largest relative increases in spouse participation occurred in social service, credit/finance, and religious activities**. In Jambi, spouse participation gains in social service and religious activities took them from scores between 65 to 70 in LLI2 to scores between 150 and 170 in

LLI3, or gains in the order of 130 percent.⁷³ In Java too, there were gains of 107, 33, and 117 percent in spouse participation scores in social service, credit/finance, and religious activities, respectively, while in NTT the analogous gains were of 37, 30, and 176 percent. While in LLI2, five of nine by study region and by activity spouse participation scores were below 100, in LLI3 none was under 100 and four of the scores were 200 or greater.

In workers/governance activities, there was a very small overall increase in spouse participation. Spouse participation in Java gained 17 percentage points to end with a score of 29; in NTT, the gain was four percentage points, for an end score of 33; and in Jambi, spouse participation in these activities lost 6 percentage points, to end with a score of 15. Households were not asked why they participated in a particular activity, but the physical nature of workers/governance activities may have been a barrier to spouse participation increasing as it did in other popular activities.

The LLI1 household survey did not collect information on the same attributes of participants as did LLI2 and LLI3. Nonetheless, the LLI1

⁷³ In Jambi, where credit/finance groups are relatively unpopular, spouse participation had a score of 253 in LLI2 and 1000 in LLI3. However, there were only 127 participation events in this category by either head of household alone or spouse alone in all of the study areas in LLI2, and only 55 by LLI3. Only five such events were attended by the household head alone in the Jambi study area.

Table 9: Share (%) of participation* among household members

Who participates?	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Overall	LLI2 Jambi	Java	NTT	Overall	Jambi	LLI3 Java	NTT
1. HH head only	32	32	35	21	25	26	28	20
2. Spouse only	25	22	30	17	31	27	39	21
3. HH head and spouse	16	15	17	13	16	19	10	17
4. other HH members	10	8	9	12	16	14	20	16
5. most HH members	13	14	5	34	12	14	3	27
Score: Spouse/HH head part. share	80	69	84	84	126	106	139	105

* For all participation events in Social Service, Workers/Governance, Credit/Finance, or Religion activities.

data provide a general confirmation of the shift in the average profile from LLI2 to LLI3. Table 10 summarizes the information available on participants' attributes and demonstrates, for example, that in LLI1 "all household members" once had a much higher share in total participation, with the highest share in NTT followed by Jambi and then Java. That regional ranking is similar to the ranking in LLI2 and LLI3 of the "most household members" share, where that category has the highest share of total participation in NTT, followed by Jambi and Java. Table 10 also demonstrates that it is primarily household members over 25 years of age who are participating, regardless of activity type; so it is not implausible, then, that household heads and spouses account for the bulk of participation in LLI1 too. Finally, LLI1 data demonstrate that the ratio of female-to-male participation was close to 70 in Jambi and NTT and close to 115 in Java. This indicates that in Jambi, the rate of women's participation did not change drastically between LLI1 and LLI2; that it may have dropped significantly in Java from LLI1 to LLI2; and that it may have already started improving in NTT between LLI1 and LLI2.⁷⁴

⁷⁴ Generally, this divergent trajectories of change are not dissimilar to the longitudinal trajectories in other facets of the LLI data discussed earlier (e.g. overall rates of participation; level of government activity in founding organizations; levels of formality): approximately constant levels in Jambi between LLI1 and LLI2 and then noticeable change between LLI2 and LLI3; noticeable fluctuations in Java between LLI1 and LLI2 that are then reversed between LLI2 and LLI3; and steadier increases or decreases in NTT from LLI1 to LLI2 to LLI3.



Table 10: Profile of participation* in activities

	(1)	(2)	(3)	(4)
	Overall	Jambi	Java	NTT
Female-male ratio	89	70	113	72
Male share	35	44	39	28
<u>Ratio</u> : males aged >25/<25	15	13	15	16
Female share	31	31	44	20
<u>Ratio</u> : females aged >25/<25	8	3	14	16
All hh member share:	33	25	17	52
<u>Ratio</u> : all hh age >25/<25	7	2	7	15

* For all participation events in social service, workers/government, credit/finance, or religious activities.

In addition to intra-household decision-making, household characteristics such as education and income (proxied by the education level of the household head and by per capita consumption, respectively) may also shape patterns of participation in community activities. Multivariate regressions within the LLI cross-sections (not shown here), which control for a long list of household characteristics – among them per capita expenditure, assets, transfers, savings, education, age, sector of work, and gender of household head, household size and dependency ratio, length of tenure in the area, household tenure in the area – and regional identifiers, can indicate potential pathways between these characteristics and rates or intensity of participation.

For example, even when controlling for the full range of household characteristics mentioned above, the various LLI cross-sections demonstrate that overall, households in Jambi and NTT tend to participate in fewer activities (per month) than households in Java. However, if the dependent variable is *intensity of participation*, defined as the average number of participation events per activity, the LLI2 and LLI3 cross-sections show that NTT and Jambi households participate more times

in the activities they attend than households in Java.⁷⁵ In other words, Jambi households are less diversified across organizations but spend more time per activity than households in Java. Households with more members tend to have higher participation in all three LLI cross-sections, but higher dependency ratios (defined as the sum of under-13s and over-65s over the total number of household members) are associated with lower participation levels in LLI1 and LLI3. However, household size is not statistically correlated with the intensity of participation in any LLI cross-section, while dependency ratios are associated with increased intensity in LLI1 but not in LLI2 or LLI3. In all LLI cross-sections, households with a female head are associated with participation in fewer organizations, but having a female head is not associated with lower intensity of participation. Households with longer tenure tend to participate in more informal activities, but household tenure has no association with participation in formal activities (those with formal management), nor with participation in general in LLI1. Household age (as proxied by the age of the household head) is not associated with either participation or intensity of participation.

⁷⁵ For the same regression, the regression coefficients on Jambi and NTT dummies in the LLI1 cross-section are not significantly different from zero

Education is correlated with measures of participation only in the LLI1 cross-section, where higher levels of education are associated with higher levels of participation. In LLI2 and LLI3, education level ceases to be robustly correlated with measures of participation, except in LLI2, where less than primary education is associated with lower intensity of participation in *formal activities*. Sector of work (of the household head) does not appear to be robustly correlated with measures of participation in any of the cross-sections, but all LLI1 cross-sections are primarily *rural samples*, so there is very little variation overall in household sector of work. Having some experience as either a manager of formal activities or in local government is significantly positively correlated with total participation events but not with intensity of participation in either LLI2 or LLI3.⁷⁶

Household per capita expenditure is not correlated with measures of participation in any LLI cross-section when a relatively complete set of household variables is controlled for, while other wealth and asset measures only occasionally matter. For example, LLI1 households with savings tend to participate in more activities but also have lower intensity of participation, but the presence of savings is not correlated with participation in LLI2 or LLI3. Households who have made transfers of money and/or goods (either within or outside of their community) are more likely to participate in more activities in LLI2 or LLI3, while those who receive transfers are less likely to participate in formal activities and have lower intensity of participation in the same formal activities in LLI2 or LLI3. Overall, the size of a household's asset base (consisting of assets from livestock, consumer durables, private transportation assets, and tools and other physical capital for business) are not robustly correlated with participation or intensity of participation in any LLI cross-section.

⁷⁶ Having *pengurus* experience is itself correlated with employment in the services sector and with higher levels of education, but it is not correlated significantly with per-capita expenditure.

SUMMARY AND IMPLICATIONS

Overall, households from the LLI study areas are participating less frequently in communal activities. Relative to the LLI1 study period, this decline is most evident in the NTT study area; in Java there was a significant increase (to LLI2) followed by an equally significant decrease (to LLI3) that leaves levels of participation in the Java study area approximately constant; in Jambi, participation in activities stayed roughly constant to LLI2 and then increased slightly to LLI3. Although more than half of activities are associated with formal leadership, households are increasingly engaged in informal activities. There are fewer activities with formal leadership groups overall as well as lower rates of formal leadership among the set of activities still attended. Likewise, within all attended activities, the rate of sanctioning participants for absenteeism has also fallen (except in Jambi, where it rose slightly). The role of government in the organizational landscape has shifted over the three LLI rounds. While dominant in formal organizations during the New Order (LLI1), government receded during the period of massive political and governance reforms (LLI2). Since then there are marked regional differences in state presence. While government has re-established itself as a formidable presence amongst formal groups in Java, it has strengthened to a lesser extent in Jambi, and continues to decline in NTT.

As participation has fallen, the nature of benefits received from participation has also shifted: the number of households claiming that groups and activities deliver “infrastructure” benefits has fallen from about 10 percent in LLI2 to three percent in LLI3. The weighted average of other benefit categories has stayed approximately constant, though “Information” and “Access/Rights” benefits have become more prominent in Java and Jambi while “Integration” benefits have become more prominent in Jambi and NTT. The change in the nature of benefits may be a product of the upturn

in government efforts to establish more formal groups, which is especially notable on Java.

These changes in the organizational landscape appear mild given the number of years in between the LLI2 and LLI3 household survey, but the changes in the patterns of participation established *within* households have been much more dramatic. In particular, spouses have gone from a minority group (in terms of share of total household participation in all activities) to a majority group, and in many cases now account for participation shares two to three times greater than heads of household (spouses and heads of households together account for over 70 percent of all participation in all activities). That is true for all regions and for most activities: the one exception is “Workers/Governance” activities, in which spouses in all regions have not significantly increased their share of total household participation.

Finally, even after holding constant a relatively rich and detailed set of background characteristics, regional identities still matter for patterns of participation, with households in Jambi and NTT regions reliably participating in fewer activities per month but spending more time in each activity in which they participate (relative to households from the Java study area). The lack of robust correlation (among the household characteristics) for both total participation and intensity of participation suggests that these activities and groups do not have entry barriers based on status (or education, income, history, etc.).

The patterns in the survey data provide both corroboration of and contrast to the qualitative findings. Both sources align to confirm the general decline in community activity and re-emergence of government actors in the organizational landscape. The household data also underscore the divergent patterns across provinces, which require non-standardized programmatic and policy responses that can accommodate local variation.

The declining share of infrastructure as a benefit from participation, interpreted in light of infrastructures as a frequently cited problem (in both the quantitative and qualitative data, see Chapter 3), raises the question of why community groups are less often providing such benefits. It could be because the scale of these problems has become overwhelming, or because of a shift towards other providers – from village organizations to public/private agencies and/or government projects such as PNPM. Further investigation is needed to tease out these differences.

Finally, the increased prominence of women in organizations life stands in stark contrast to their virtual absence in village government (Chapter 5). Further investigation is needed to identify the barriers that prevent women from making the leap from active engagement in organizations generally to village government specifically. This overview of the organizational landscape provides an introduction to the rich data in the three rounds of the LLI survey. Future analysis will explore the longitudinal patterns in the household data and attempt to triangulate more detailed findings with the qualitative information. For instance, investigating the dynamic relationship between socioeconomic status and participation in community life, as well as planning activities (Chapter 6), could shed light on potential welfare gains and changes in “voice” (Alatas, Pritchett, and Wetterberg 2004) associated with shifts in the organizational landscape. Investigating whether the strong re-emergence of government in formal organizations in Java (and, to a lesser extent, in Jambi) represents a return to the mandatory participation of the New Order or an example of synergy could be a fruitful convergence of the qualitative and quantitative information.

CHAPTER 6: CHANGES IN VILLAGE GOVERNMENT

To answer Research Question 4 on the relationship between local capacity and local government, this chapter discusses the changes in village government after LLI2, resulting from the changes in national policy relevant to villages and the interaction between this policy and local characteristics. Using both the qualitative and quantitative results, the discussion will present findings about the performance of village leadership, particularly the village head who has gained prominence since decentralization, the links between local capacity and village government's involvement in addressing problems and villager's satisfaction or dissatisfaction with village government. How villagers hold their government accountable and its link to village capacity will also be discussed.

I. Overall effects of national policy changes on village government in LLI villages

Village heads have strong legitimacy and position now that they are democratically elected by villagers. Village head elections are not new to many villages in Indonesia, including the LLI villages. What is new in the post-New

Order era is the general absence of intervention from supra-village government. In the New Order era, villagers voted but candidates had to get the blessing or approval of district government to be able to run and inaugurated, regardless the result of the election. Now elections take place periodically and villagers are free to vote for the candidate of their choice, without district interference. Democratization also helps reduce space for dynastic leadership, which was common in the past, including in the LLI villages. The political arena in villages is conducive to the emergence of new leaders. This is an encouraging change.

Village heads now have direct access to the district head and district government agencies, which manage large funds from the central government. This is a change from the period before decentralization, when village heads had to go through the head of the sub-district (the next level of government prior to decentralization). In the words of a former village head of Beral, Central Java, "Subdistricts do not have any role in lobbying/influencing fund allocations." Hence, they are often by-passed and rarely consulted by village heads. Except for a couple of very weak village heads, LLI3 village heads talk about going to the district directly to lobby for projects for their villages. While the weak village heads rely on the formal process of development planning meetings to secure projects, other village heads are more pro-active, visiting the district government agencies and parliament to ask for projects. However, having good networks to bring resources to villages does not always help villagers resolve their problems or increase their capacity where the village head uses these resources for their private interests (see Chapters 3 and 7 for further discussion of this).

The downside of the strong position of the village head is that the position is prone to abuse if there are no other institutions of countervailing power.⁷⁷ Strong village heads

⁷⁷ See Chapter 1 for discussions on national policy leading to weakening control mechanisms through the BPD and Chapter 7 on field findings.

can be more effective in dealing with external actors (e.g. investors) or the district in general. They may also have better access to the district head and parliament members. However, without accountability and controls, abuses of the position are more likely. Even in the case of weak village heads, villagers still have some deference for these elected formal leaders, and complaints are not aired openly. Strengthening the village head does not equate to strengthening the village community: more resources may go to villages, but most benefit goes to the village head and other elites, perpetuating inequality within the village.

Although the position of village head is stronger, other village governance organizations remain weak. Most villagers automatically talk about or refer to the village head when asked about village government; other institutions or officials are rarely mentioned. In villages, second in charge is the village secretary, who, in some villages, takes care of internal village management while the village head focuses more on external network or power-brokering.

The remainder of this chapter discusses how the changes in national politics have affected village government in individual villages.

II. Changes of village heads since LLI2

Most village heads have changed since LLI2, mainly because of the rules limiting their term of office⁷⁸ and the difference in time lag between the two studies.⁷⁹ Seventeen (85%) out of the twenty sites in LLI3 (including four wards⁸⁰ – two in Central Java and two in NTT), have changed their village/ward heads since LLI2 (Table 1). Or, excluding the wards, of the 16 *elected* village heads, 13 (81%) are new in LLI3 (one of them is now serving his second term) and the other three were re-elected. Compared to the change of village heads between LLI1 and LLI2, when more than one-third of the village heads and ward heads (14 out of 40 sites) were the same in LLI1 as in LLI2, the change between LLI2 and LLI3 is proportionally much larger.

Table 1: Changes in village head leadership since 2000

Since 2000	Merangin	Batanghari	Muoro Jambi	Wonogiri	Banyumas	Nagekeo	Ngada	Total
No change		1*	1		1			3
Change	4**	1	1	4	3	2	2	17
Total	4	2	2	4	4	2	2	20

*The village head resigned to run for DPRD but lost. He ran again for village head and won.

**One village head is serving his second term. He was first elected in 2003, after LLI2.

Source: LLI2 & LLI3 interviews

⁷⁸ Under the old law (Undang-Undang 5/1979 on Village Government) a village head had an eight year term and could be re-elected for another term. In practices, elections were not always held every eight years. They could be delayed for various reasons. Also the two-term limit was not always enforced. See LLI2 Overview Report. Post the New Order the law on regional government (Law 22 of 1999 which was enforced in 2001) limited the village head's term to two 5-year terms. The revised law (Law 33 of 2004) changed the term to two 6-year terms.

⁷⁹ LLI2 was fielded 5 years after LLI1 and LLI3 was 10 years after LLI2.

⁸⁰ Ward heads are appointed by the district head.

Incumbent village heads are older, more educated and more experienced in government than those in LLI2. Most of the LLI3 village heads are over 40 years old, and a few are in their fifties.⁸¹ In LLI2, more village heads were less than 40 years old. Some villagers indicate they want people who understand the *adat* better and have the experience expected of older people. In LLI3, most village heads are graduates of senior high school, a couple of them are college graduates and only one graduated from junior high school; in LLI2, there were a few village heads with only elementary school education. Their experience prior to becoming village heads is as varied as in LLI2; they include former bus drivers, construction laborers, preachers, farmers and traders of agricultural products. However, now more of them have experience working in village government (as hamlet heads or staff of village heads), as neighborhood (RT) leaders, and involvement in the village youth group (*Karang Taruna*).

Despite the freedom to vote, villagers do not necessarily end up with village heads who performed better than their predecessors, even when they re-elected a village head who has served them well before. It is assumed that now that villagers have freedom to vote (generally free from the supra-village government intervention of the New Order era), they will choose the candidate that they think will serve their interests best. Although in some cases there is no better candidate for various reasons, candidates that appeared reformist (pro-villagers) during election campaign could end up serving their own interests rather than interests of villagers who voted for them. Commitments may be broken if there is not enough pressure or control or familial ties overrule (see below).

Governance in half of the twelve villages with new heads (excluding the four ward heads and the head of one village about which information is limited) is better than before

(Table 2). Governance in one third is worse, and in the remainder (17%), equally bad. In no villages is governance described as equally good. The improvement is distributed across all three provinces, while the villages with poorer governance are mostly in Central Java, with none in NTT, and one in Jambi (which also has equally bad village heads). Strikingly, in all the villages where governance is poorer, the new village head has previous experience in village government; while the heads of only two of the six villages with improved governance do (excluding one re-elected village head in Jambi who started his first term just after LLI2). However, overall the proportion of improved governance is still better than in LLI2, when governance improved in less than half (45%) of the villages with new heads.

Table 2: Change in quality of governance following a change in village head

	Improved	Worse	Equally bad
Number of villages	6	4	2
Jambi villages	2	1	2
Central Java villages	2	3	0
NTT villages	2	0	0
Village heads with previous experience in village govt	2	4	1
Dynastic leadership	0	0	0

Source: LLI2 & 3 interviews

There is no dynastic leadership of villages in LLI3. In both LLI1 and LLI2, in some villages one family kept an uninterrupted hold on the position of village head, by staging elections with only one uncontested candidate. No such instances were evident in LLI3 (as shown Table 2). In many villages, however, both in Jambi and Central Java,

⁸¹ Available information for comparison is limited to seven of the thirteen villages with new, elected village heads.

the incumbent village head is related to a former village head. Two village heads in Jambi are a son and a grandchild of former village leaders. In two villages in Central Java, the current village heads are from the extended family of former village heads. In fact, most village heads come from prominent families. Clearly, the size and socio-economic status of the extended family play an important role in getting these village heads elected. That said, a desire to change the ruling family/clan has started to emerge, including in Jambi (see discussion on holding village government accountable below).

One group that has not gained access to power amidst the changes is women. There was one woman village head in Wonogiri, Central Java in LLI2, who was popular and got re-elected. Several women were also elected as BPD members in Banyumas. In LLI3, all the village heads are men; there are no women in elected office. Only one woman is chair of a BPD, in Walet, Central Java, where the BPD continues to function as a control mechanism over the village government.

Second term village heads are disappointing, particularly in the absence of countervailing institutions. Villagers perceived all three unchanged village heads as not transparent or participatory, and working in their own interests rather than the interests of the villagers. This is in sharp contrast to their actions during their first term (LLI2), which got them re-elected for the second term. Now villagers complain that these village heads pay less attention to village affairs, possibly because this will be their last term. They work on pet projects, rather than on what the villagers need. One is clearly busy preparing himself to run for district parliament, even having a huge billboard of a political party in front of his house.⁸² Another one is busy running his own business (he tried to run for DPRD in the middle of his term, but lost and decided to run again for village head, and won). The third village

head – who in LLI2 villagers viewed as strong and courageous – is obsessed with leaving a legacy in the form of a grandiose village hall; he used ADD money, forced villagers to give financial contributions, and even denied poor households their subsidized rice to help pay for construction of the village hall. These disappointing second terms demonstrate the lack of control over village government, especially since the downgrading of the authority of the BPD, which had kept some of these village heads in check during their first terms (see Chapters 1 and 7). *In contrast*, one re-elected village head in another village performs as well during his second term as during his first. Villagers are satisfied with his performance and wish he could serve another term. The main difference between this village and the other three is that it has a functioning *adat* institution to keep a check on the village government. (See Chapter 7 for further discussion on state-society relations.)

⁸² The law does not allow a village head to be a member of a political party, but this village head said that he is not, but his son is.

BOX 6:

Village Head of Walet, Central Java

"Finally, our village head comes from a different hamlet after people from KS hamlet led the village for four consecutive terms" - RT (neighborhood) Head, Walet.

2007 was a special year for the residents of villagers of S hamlet, Walet, Central Java. Their hamlet head won the election to become village head. One villager said, "Now our hamlet has a paved road, upgraded in 2010. It used to be a dirt road that our motorbikes could hardly negotiate in the rainy season." Another villager from a different hamlet admitted that he was initially pessimistic about the new village head, "But he kept his promises. He stays late into the night in the village office. He helps clear the canals when villagers have problems with irrigation. He really fights for our proposals to be funded by the district." One former rival in the election said, "He is smart. He beat me. He was able to divert my supporters although I already paid them IDR 50,000 each. He is very good." One BPD member compared him with the previous village head, who "... just followed up his own ideas. Suggestions and advice from the BPD and others were ignored. The current village head is different. He listens to other people's ideas. He lives in the village office, so it's easy for villagers to find him whenever they need him."

The village head, a junior high school graduate, has held different positions in the village, including neighborhood security, village government staff and hamlet head. He was also active in a youth organization for disaster response, which was supported by the social affairs agency, as Walet and other villages in the district are prone to floods. The hamlet he headed was one of the smaller ones in the village and often excluded from decisions and benefits because of the residents' belief in a more syncretic version of Islam than other villagers.

One of the conflicts he had to handle was over *tanah bengkok* (land given to village staff in lieu of wages, which is common practice in Central Java). In 2000-2001, the BPD re-assigned ownership of several idle plots of *tanah bengkok* (as a few village staff and hamlet head positions were vacant) and reduced the *tanah bengkok* of other village staff by 12.5% to enable the village to give land to the neighborhood heads, who are unpaid. In 2012, the hamlet heads demanded the return of the *tanah bengkok* in full. The village head consulted the BPD and then invited all neighborhood heads and two community leaders from each neighborhood to a meeting. It was agreed that the hamlet heads could get their *tanah bengkok* back in full if their performance was satisfactory. The villagers would evaluate their performance at the end of the year. Only then would the village head issue a village decree on the *tanah bengkok*.

Villagers acknowledged the village head has been able to bring in resources and development projects to the village, in most cases with the help of a couple of district parliament members representing the area. "The annual development planning process (*musrenbang*)? Useless. It is just *pro forma*. Without the help from DPRD members, we wouldn't get anything from development planning process," said the village head.



III. Village head as a position of power over natural resources

Being elected gives village heads the legitimacy to discuss or negotiate with external actors and higher level authorities, and helps improve village capacity. However, this is true only if the village head is strong, or has strong support from his clan and networks (as in the natural resource rich province of Jambi). In one village, the head, with the help of the late charismatic *adat* leader (who actually started the negotiations much earlier), was able to get the district head to designate the forest in the village as *adat* forest. This means that only the villagers have access to this forest. The village government issued a by-law on forest management and set up an organization to manage the forest. There have been no conflicts among villagers about use of the forest (see Box 7).

In another case, the village head used his connections at the district and province (officials, environmental and legal aid NGOs, political party) to fight for the villagers' case, even going as far as the National Commission for Human Rights

and the Supreme Court in Jakarta. The village got their land in the plantation back, although the village head gets the largest share of all as a compensation for the money he allegedly spent on their fight. No villager dares to contest this openly because of the huge gap in social, political and economic status and information access between them and the village head.

If the village head is weak, other powerful people take control of resources. The problem is, these usurpers are not likely to be working in the villagers' interests. In one village in Central Java, an organization chaired by a district parliament member living in the village collects pine resin from villagers and sells it to the state-owned forest enterprise Perhutani. But complaints abound that the organization is not working transparently and not sharing the profits fairly. In Jambi a village, dubbed as "no man's land" by the research team, land left by a concession holder was seized by the elite (well-off individuals, police officers and officials from the subdistrict and district, and even the provincial capital), leaving none for the villagers. In these cases, neither village head is able to resolve the issues.

BOX 7:

Managing customary forest in Sipahit Lidah, Jambi

"Taking care of the forest means taking care of future generations"

That may sound like a cliché, but whenever asked about the forest, most villagers gave similar responses – that taking care of the forests means taking care of their future generations. The village of Sipahit Lidah assigns the task of caring for their 200-hectare *hutan adat* (customary forest) to a customary forest management team (Kelompok Pengelola Hutan Adat, KPHA), the leader of which is elected every three years. The team was first set up in 2003.

Brief history

In 1997 a company started clearing and pegging the forests surrounding Sipahit Lidah, claiming the area was part of its concession. Some villagers found pegs in their gardens. The *adat* leader of Sipahit Lidah (a former district parliament member who was active in a national *adat* organization) went to see the forestry agency, as well as a regional conservation NGO that later facilitated the discussions with the company, district head and parliament. Both the village and the company produced their own map to support their arguments. In 2000, the company yielded and paid a customary sanction. In 2003, the district head issued a decree that designated the forest *adat* status, and this is when the KPHA was set up.

Activities of the team

The team has members from the village, male and female, working in different sections to manage the forests. The public relations section, for example, assisted by the NGO, regularly promotes the importance of maintaining the forests in their presentations to the village government and representatives from each hamlet. The NGO also invited the team to various seminars on sustainable forest management. The team also developed their own homepage to promote ecotourism in the village. Regreening is also part of the team's program, and they have planted rubber and agarwood in some parts of the forests, with help from the forestry agency, which has often provided them with seedlings and funds.

Rules

In 2004, the village issued a by-law on management of the forest. Under this by-law, villagers can collect wood from the forests for personal or community use, but not for sale. The KPHA identified which kind of trees villagers are allowed to cut under this by-law. To get permission to collect wood, a villager must first get a recommendation from his or her clan leader for approval by the village head and KPHA team leader. The villager then pays fees to the village treasury, the KPHA, the *adat* institution, the youth organization, and the religion-based education group. Breach of the rules is punishable by the *adat* institution, which remains active in the village.

The rules limit villagers' access to the forests but they benefit from their management of the forest being designated a model of customary forest management in the district. Villagers regularly get seedlings from the forestry agency that they can plant in the buffer zone of the forests. Researchers and tourists have also started coming to the forest, which contributes to the village economy. Villagers are proud that their forest is home to some of the district's oldest and best trees.



IV. Holding village government accountable

There are fewer open protests about unsatisfactory performance, compared to LLI2. In LLI2 amidst the cry for “*reformasi*” (mass political and governance reform), almost 40% of the villages with changes in leadership had a history of efforts to hold government accountable – either open demonstrations against some part of village government or explicitly electing a candidate other than the incumbent as a protest vote. In LLI3, the proportion of villages with changes in leadership that related to efforts to hold government accountable has decreased to 23%. In 15% of the villages, village heads failed to be elected for a second term because of weak leadership and in 8% of the villages they were terminated because of corruption.

The household data also show lower levels of dissatisfaction. The proportion of households indicating that residents had expressed “discontent” about their village government (over the past four years) fell from about one-third to about one-quarter between LLI2 and LLI3 (Table 3). Although, relatively, village government is doing better, 26% of the respondents still admit that residents express discontent; which is not much lower than the proportion in LLI2 when the question was asked at the peak of open political discontent. For respondents who indicate that no discontent is expressed, satisfaction with village government does appear to have increased. The number responding that “There are no problems with the leadership” in their village rose 20 percentage points to about 90 percent. Compared to LLI2, villagers are also less likely to refrain from taking part in protests because they perceive them to be ineffective, difficult to organize, or the reprisals too severe.

Tabel 3. Expression of discontent

Do residents express discontent about village government?		LLI2				LLI3			
		Total	Jambi	Java	NTT	Total	Jambi	Java	NTT
		%				%			
Express discon- tent?	Yes No	32 68	33 67	20 80	54 46	26 74	34 66	12 88	41 59
Why not? (if no)	1. There is no problem with leaders here	71	63	82	55	91	85	98	82
	2. There is a problem with this leader, but expressing our discontent will not change anything	8	10	4	13	3	6	0	2
	3. There is problem with this leader, but it is difficult to organize resident in this village	2	4	1	2	0		0	
	4. There is a problem with this leader, but residents are afraid to express discontent because they fear the consequences	14	19	9	17	5	5	1	16
	5. Other	5	4	4	13	0			1
About What? (if yes)	1. Corruption of development funds	39	32	23	61	15	8	19	23
	2. Poor government services	7	5	7	8	13	2	29	21
	3. Dishonesty/ interference in village head election	2		1	4	1	1		
	4. Dissatisfied with government decision	10	8	18	9	24	25	17	27
	5. Dissatisfied with government performance	16	15	23	11	38	56	19	21
	6. Nepotism	5	8	2	3	1	1		1

Source: LLI2 & LLI3 household surveys

For those who do express discontent, the survey data show that the focus of their discontent has changed measurably since LLI2, from corruption to government services.

In LLI2, “corruption of the village’s development funds” accounted for the largest portion (approximately 40 percent) of all expressions of discontent. By LLI3, only 15 percent of all discontent expressed was due to corruption, whereas the proportion of discontent due to service quality, government decisions, or village government performance each at least doubled. Regional patterns in the reasons for dissatisfaction vary considerably, but all show declines in corruption as a motivation for protests (although corruption is still a common reason in NTT and Central Java). These shifts have a range of possible

explanations, including a decline in corruption or more sophisticated means of graft. They could also be interpreted as a maturing of voice, with villagers protesting based on their rights as citizens (to good services, input in decisions, and effective government performance), rather than in response to blatant, often criminal, misdeeds.

For the episodes of discontent that were expressed, there are notable changes (from LLI2 to LLI3) in the methods of expression, from demonstrations to “discussions with friends”. “Discussion with friends” has become an even more popular option (it was already the most frequent manner of expressing discontent in LLI2), especially in Java and Jambi (Table 4).

Tabel 4. Types of expression of discontent

When residents express discontent to village government		LLI2				LLI3			
		Total	Jambi	Java	NTT	Total	Jambi	Java	NTT
		%				%			
How is it expressed	1. Discuss w/ friends	49	58	53	34	67	81	83	35
	2. Demonstrations/ Open Protest	20	10	9	41	8	4		18
	3. Contacting community leaders	7	4	16	3	5	5	2	8
	4. Contacting other officials	4	7	2	1	14	9	9	27
	5. Other	19	19	17	21	2		7	1
Do others join?	Yes	58	48	63	66	41	46	24	44
	No	42	52	43	34	59	54	76	56
If so, who?	1. Member of this hh	6	9	2	6	18	7	14	40
	2. Community group	15	19	13	14	5	1	7	12
	3. Public Figures	22	14	24	28	9	7	14	12
	4. Village government	8	1	8	14	7	1		19
	5. Other residents	29	20	46	24	59	82	57	19
	n.p.m.								
	6. Outsiders				1				
	7. Other			2	7				
Is/Was the problem solved?	8. Don't know	11	20	6	6	2	1	7	
	1. Yes	23	18	30	24	29	22	21	46
	2. Yes, partially solved	12	16	7	11	9	7	16	8
	3. Yes solved but will reappear	4	6	1	5	12	15	16	6
	4. No	61	61	62	60	49	55	48	39

Source: LLI2 and LLI3 household surveys



Demonstrations are no longer a popular option for expressing discontent, particularly in Jambi and Java. By LLI3, talking with government officials is used more frequently, especially in NTT.

When discontent is expressed, it appears increasingly difficult to get others involved, perhaps reflecting the overall decline in community group activity. When others do get involved in problem solving in LLI3, it is most often other village residents, as it was in LLI2. However, in LLI3 the next most frequent group is “other household members”, while the cumulative frequency of “community groups”, “community leaders”, and “village government” is half of its level in LLI2. In other words, in LLI3, both community groups and public figures are much less likely to get involved in expressions of discontent than in LLI2.

Regardless of the declining rate of expressing discontent, villages are apparently more effective at directing their discontent to those who can solve the problem. Problems are solved (permanently) approximately 30 percent of the time in LLI3, up from 23 percent of the time in LLI2. Although there are numerous alternative explanations, this finding could further support the possible maturing of voice. Villagers may be using expressions of discontent more judiciously, in situations where they improve outcomes, rather than as a means of voicing frustration with corrupt leaders.

Fewer protests do not mean that all is fine.

The qualitative data found three cases in which the village heads were responsive to the protests (protests against user charges in two villages in Jambi and Central Java and against a hamlet head in one village in Central Java). In other cases, villagers were either afraid or apathetic, particularly in villages with village heads who have strong network or clan support but are not working for the villagers’ interests, including in the villages with unchanged village heads. As reported in one village in Jambi, “Villagers seem to care less about how the village government works. They are already fully occupied managing their own livelihoods.” Electoral accountability may have substituted for open protests as a means of replacing unsatisfactory village heads. It may be the “most pragmatic” option left when, as discussed earlier, they are bound by patronage, deference or simply lack of leadership to initiate protests.

The opportunity to get rid of a dominating family or clan is through elections. Although most new village heads were elected because of either strong clan support (particularly in Jambi), having relatively well-off extended family, or considered better than the rivals, a new set of leaders have also emerged. In one village in Jambi, the new village head is the first who does not come from the ruling clan, indicating villagers’ or the non-dominating groups’ resentment toward what they describe as “arrogant people”. In another village, still in Jambi, the son of a migrant

from Bengkulu married to a woman in the village was elected twice consecutively, in 2003 and 2009. In one Central Java village, the new head comes from a minor hamlet and religious group (*abangan*, a more syncretic version of Islam) that used to be marginalized (see Box 6), and in another village, the son of the incumbent, whose father and brother were former village heads, lost precisely because villagers wanted a change (although the new village head is also a relative, known as pious but proved to be a weak leader). Except the latter, all these village heads represented improvements in village governance (Table 2).

In sum, villagers dare to change leaders through the ballot box. They may not always pick the right candidate, but overall, although many village heads are not responsive, transparent and participatory, they are not as autocratic as in LLI2.

V. Links to capacity

Village government, mostly its village head, plays a bigger role in problem-solving than in LLI2 (Table 5). LLI3 household survey asked whether common problems (such as clean water, irrigation, harvest failure and pornography) existed, and if so, whether they were tackled and by whom. In each province, there was a decrease in addressing these problems, compared to LLI2. However, apart from the affected community members themselves, village government turned out to be the major problem solver in all provinces (see Chapter 3 for similar findings from FGDs).

Table 5. Village government's involvement in addressing problems

Was there effort to tackle problem?		LLI2				LLI3			
		overall	Jambi	C. Java	NTT	overall	Jambi	C. Java	NTT
Yes		77%	68%	80%	84%	64%	56%	70%	68%
By whom?	A	51%	54%	50%	48%	59%	64%	60%	53%
	B	6%	4%	8%	6%				
	C	25%	17%	24%	32%	33%	30%	33%	36%
	D	9%	16%	8%	4%	4%	6%	4%	2%
	E	9%	8%	10%	10%	5%	1%	2%	9%

Notes:

- A. Affected community members
- B. Community leaders
- C. Village government
- D. Community groups
- E. Other

Source: LLI2 & LLI3 household surveys



Villagers are very satisfied with their leaders if they are working in the residents' interests rather than their own (Table 6). Villagers' general satisfaction with their village government – which is almost always indistinguishable from the village head – correlates positively with the villagers' perception that the village/ward heads work in the villagers' interests rather than their own personal interests. Generally, this kind of village head is also transparent and participatory. Half of the twenty village/ward heads meet this criterion, and not surprisingly they are all from medium to high capacity villages. The only exception is Mojo, a low capacity village. No other low capacity village is happy with its village head, which suggests a correlation between the capacity and the type of leadership the villages have (see below). Although the Mojo ward head has been unable to improve the capacity of this village, the villagers are still satisfied with his performance, despite his failing to address the villagers' priority problems.⁸³ Meanwhile there

83 Villagers' priority problems include harvest failure due to pest infestation, cattle diseases, flooding and clean water. Meanwhile, the ward head focuses on education, under a project from an international NGO that he is involved with, and health insurance, under a project from the Ministry of Health.

are three higher capacity villages and one ward which have unsatisfying village/ward heads (shaded rows in Table 6). The villagers and the leaders usually work separately, and when the village heads do help solve problems, they disproportionately benefit themselves. Villagers view them with suspicion; for example, when one village head planned to get funds from the district to build a rubber auction hall for the village on his own land.

These village heads are powerful men, who have solid support from their clan and/or are well off, and many villagers depend on them for their livelihood.⁸⁴ Ward heads, generally, do not feel obliged to listen to the villagers as they are appointed by, and accountable to, the district head.⁸⁵

84 A participant in a focus group discussion explained the risk of supporting the loser, "If your candidate loses, you can't borrow from the winner. Go to your candidate for help." In other words, you are not supposed to ask for help from the village head if you did not vote for him on election day.

85 This is a quite common view: one ward head in Central Java revealed that he works on the order of the district head who appointed him, and if people want to have him replaced, they should talk to the district head directly.

Table 6. Village Capacity and Village Head's Performance

No	Village	LLI3 CAP	Villagers' satisfaction	Village Head's Performance ⁸⁶		
				Works in villagers' interests	Is transparent and participatory	Is able to implement decisions
1	Kampai Darat	L	low	-	-	√
2	Pinang Merah	L	low	-	-	-
3	Beral	L	low	-	-	√
4	Mojo (ward)	L	high	√	√	√
5	Tiang Berajo	M/L	low	-	-	-
6	Karya Mukti	M/L	low	-	-	√
7	Ulu Sebelat	M	(no info)	√	-	-
8	Walet	M	high	√	√	√
9	Kalikromo	M	high	√	√	-
10	Kotagoa	M	high	√	-	√
11	Koto Depati	M	high	√	√	√
12	Kali Mas (ward)	M	low	-	-	√
13	Krajan	M	medium	-	-	-
14	Mataloko (ward)	M	low	-	-	-
15	Buluh Perindu	M/H	low	-	-	√
16	Waturutu (ward)	H	medium	√	√	√
17	Deling	H	high	√	√	√
18	Sipahit Lidah	H	high	√	√	√
19	Kelok Sungai Besar	H	low	-	-	√
20	Ndona	H	high	√	√	√
Total				10	8	14

Source: LLI2 & LLI3 interviews

Village capacity and village government reinforce one another. Higher capacity villages can mobilize to keep their leaders accountable, either while in office or through the ballot box, while low capacity villages cannot. In particular, four of them (two in Jambi and two in Central Java) demonstrate that although the village head is important, he is not the sole holder of power in the village. *There are other institutions that play a role to create checks and balances.* In one village in Jambi, for example, the *adat* institution, representing all clans in the village, serves as the legislature, while the village head and his staff and the BPD are the executive. (Under national policy, the BPD is a quasi-legislative body, but

in the communities where the *adat* institutions serve the legislative function, the BPD becomes a part of the executive, implying that the role of

institutions should not be imposed from outside where local institutions work). In some parts of Central Java, the BPD retains its standing and the village heads accept this. In one village, in particular, the BPD provides advice and input that is taken on board; for example, the village head's reports are reviewed by the BPD and not released until revisions are made and approved by the BPD). The village empowerment body (LPMD) together with the youth group (Karang Taruna) manages village projects (the LPMD prepares plans and technical details and Karang Taruna carry them out). The BPD members were elected by each hamlet – the top nine were selected.

⁸⁶ As in LLI2, by looking at information gathered through interviews with village heads, community members, and local leaders, as well as through a focus group discussion on local government, projects, and elections, the research team was able to rate satisfaction with village government in each community. After the data were collected, each village head was also classified based on these three indicators.

The LPMD were elected by village staff, hamlet heads, neighborhood head and other community leaders, rather than being handpicked by the village head, as is often the case in other villages.

VI. Chapter summary

National policy changes have strengthened the position of village head. They are able to access resources directly from districts. The position is also more open to a broader range of candidates than in the past. However, in the absence of any robust control mechanism, this new power is prone to abuse. Reformist, pro-village village heads are able to help villagers solve their collective problems and improve village development, especially when they are externally well connected. Bad village heads, on the other hand, thrive at least during their term of office, as there is no effective mechanism of control in the village. They use their position to (disproportionally) benefit themselves, including supporting their political career. Noticeably better LLI3 village governments tend to have functioning control mechanisms of *adat* rules or a BPD operating according to the body's original conception. Without these, villages mainly rely on electoral accountability, although there are some encouraging signs that they have learned to use protests more effectively than in LLI2. In sum, it is positive to have a strong village head, but strengthening the village head does not translate directly to strengthening the village community. The implication is that villages need to have additional accountability mechanisms which are largely missing now, to engender synergy between strengthened village heads and their constituents.

CHAPTER 7: STATE-SOCIETY RELATIONS

This chapter complements Chapter 6 to answer Research Question 4 on the relation between local capacity and local government. In this chapter, we investigate changes in how citizens and government relate to each other, given the shift towards democratization, decentralization, and participatory projects since LLI2. Specifically, we focus on the role of the Badan Perwakilan/ Pemusyawaratan Desa (BPD) as a body to represent villagers in village governance, following on the fledgling, but promising, developments in the last round of the LLI study. Next, we consider the role of district actors in village problem-solving. The third section of the chapter is an analysis of projects (identified by villagers) to gauge whether they have become more inclusive of villagers and responsive to their needs. The chapter concludes with a summary of LLI village experiences with PNPM implementation.

1. BPD role in village governance

At the time of LLI2 (2000/2001), the BPD was a nascent institution that existed in only a subset of study villages. Of the 40 villages included in LLI2, half had established BPDs with most operating for less than a year. LLI2 noted that the BPD showed promise as a directly elected representative body

and a means of holding village government accountable, tackling issues such as the number of officials, compensation, and use of budget and revenues. However, many question marks remained, including compensation for BPD members, overlapping appointments in village government, procedures for election, training for members, and representation of women on the council.

In LLI2, the legal basis for the BPD was as *Badan Perwakilan Desa* as defined in Law 22/1999 on Regional Governance, and subsequent related regulations (such as Decree of the Minister of Home Affairs 64/1999 on general guidelines on regulations concerning villages. Subsequent law (Law 32/2004) kept the abbreviation but transformed the nature of the BPD into a consultative body (*Badan Pemusyawaratan Desa*), which is not directly elected and acts as a partner to, rather than a monitor of, village government (see Chapter 1).

By 2012, the BPD was thus formally a much weaker institution than it was in LLI2. However, **the few years in which a strong representative body was present at the village level had quite distinct effects on governance in the 20 study villages that were revisited in LLI3.** In LLI3, the study identified: (1) villages in which there is no indication that the BPD ever gained a measure of effectiveness⁸⁷; (2) villages in which the BPD as originally legislated (referred to as BPD/1999) was effective, but where its subsequent revised role (referred to as BPD/2004) negated these effects; and (3) villages in which aspects of the BPD/1999 were retained even after the legislative changes of 2004. The examples below draw from the two latter types of villages.

To put these examples in context, it is important to note that during the past decade, the office of village head has been substantially

⁸⁷ An example of this type is Ndona (NTT), where the BPD was established in 2003, only a year before the legislated role of the BPD was changed. The BPD/1999 did not have an opportunity to take root; the BPD is typically described as a partner of the village head.

strengthened (see Chapter 6 and below). **With the concentration of financial resources at the district level, the village head has become an increasingly important actor in accessing external support for local priorities and drawing programs and projects to the village.**

The formal connections between the district and village are accompanied by patronage ties in which village heads are rewarded for mobilizing votes for elected officials. With the concentration of power in the office of village head, the need for accountability mechanisms at the village levels has become commensurately urgent.

Institutional means are needed to not only retroactively scrutinize the actions of village heads but also to create an environment in which the village head is motivated to work proactively in villagers' interests.

Examples of brief but declining accountability through the BPD: In these villages, the BPD/1999 was effective at holding the village head accountable, but these mechanisms have not persisted since the shift to BPD/2004.

1. Beral (Java)

The BPD was elected for the first time in 2002, then appointed in 2006 by the previous village head. In spite of the change in regulation, the BPD chair (who has served both terms) feels that the role of the BPD should remain unchanged; to act as a monitor of the village head and village government. However, the involvement of the BPD has changed since the election of a new village head in 2007. Under the old village head, the BPD used to be included in monthly meetings about village problems, but now members are invited only to review village regulations quarterly, and when project rules require their presence as an official monitor of implementation.

The BPD continues to make some attempts at accountability. For example, the village's PNPM allocation was blocked in November 2011 because of IDR 19 million in missed re-payments from a prior year's allocation. The village head wanted to use village funds to pay off the debt,

so that this year's allocation could be released, but the BPD chair refused to approve this. Despite this, the PNPM funds arrived, indicating that the debt had been paid, but the BPD chair has no idea what funds were used to pay off the debt. Generally, the BPD has no formal means of sanctioning the village head beyond sending him formal letters of complaint. The BPD chair says he is unsure whether he has villagers' support this term of office (to which he was appointed by the previous village head), whereas in his first term when he received two-thirds of votes cast in his hamlet.

2. Karya Mukti (Java)

In Karya Mukti, the BPD chair elected in the 2000 was the defeated candidate in the village head election. Between 2000 and 2007, the BPD provided a counterweight to the village head's in the village, keeping in check the village head's plans to use large portions of village resources for construction of an extravagant village hall.

Since 2007, when the BPD/2004 came into effect, the BPD's control over village resources has deteriorated. The village head appoints BPD members and their role is only to coordinate with, rather than monitor, village government. Between 2006 and 2012, 70% of ADD has been used to construct the village hall. To raise funds for the inauguration of the building, the village government sold three months of subsidized rice allocated to poor households. BPD members recognize that the village has other development priorities and needs but say that they have no power to reject or give input to the village head's plans.

Villagers are apathetic, because nobody in government pays attention when they complain, and they feel their only recourse is to wait until the 2013 election when the village head's second term ends. In the meantime, there is nothing they can do to change how the village head is administering village funds and governance in general. There is a sense of disappointment with the BPD, which is now passive and quiet in the face of the village head's abuse of his position.

BOX 8:

A different kind of BPD, Deling, Central Java

Deling is one of the villages that has maintained high local capacity between LLI2 and LLI3. Various local initiatives have been introduced to govern the village in ways that are more responsive to different groups' inputs and needs, such as activating the village youth organization beyond sports and cultural activities to creating employment, and maintaining the function of the BPD to create checks and balances, despite the changes made by national regulation. The latter is elaborated below.

Selection of BPD representatives

The present BPD (2008-2013) is a vestige of the previous design under Law 22/1999. In 2003, before Law 22/1999 was replaced by Law 32/2004, the village nominated 15 candidates – mostly informal community leaders – from each neighborhood. They included a school principal, the head of a private Moslem education foundation, and a section head at the district education office. Villagers then went to the ballot box. The nine candidates winning the most votes became BPD members, and each was assigned a particular area of work. The village decided the BPD would serve for two periods, 2003-2008 and 2008-2013. Whenever there is a change of representatives (due to various causes, for example death or resignation for personal reasons), the replacement is taken from the next candidate in line (numbers 10-15).

Implementation of development projects

Each year, the village government develops its annual plan. Once the BPD approves it, the LPMD (*Lembaga Pemberdayaan Masyarakat Desa*, Village Community Empowerment Board) prepares detailed plans and a budget. If they need more funds, the village government discusses this with BPD to agree on the contribution to be collected from villagers. The LPMD consults the neighborhood heads and the villagers (the target beneficiaries in the project location). Then the LPMD sets up a task force (usually the youth organization of the village) to do the work, under the supervision of the LPMD and the BPD.

Accountability reporting

Each year, the village head prepares an annual accountability report, which given to the BPD for comments a week before being presented at a village meeting (attended by the BPD and village government, neighborhood heads, and informal community leaders). The BPD presents their comments and the village head responds. The village head revises the report as agreed at the meeting. After receiving BPD approval, the report is sent to everybody who attended the meeting, and to the district. Each neighborhood head conveys the content of the report at neighborhood gatherings or the weekly Quran recitals, which are often attended by BPD members.

Bridging the community and village government

Attending neighborhood and other community gatherings enables BPD members to understand the community's problems, needs and grievances. This information helps the BPD work with the village government to address the identified issues. BPD members also actively help resolve neighborhood problems (for example, conflicts between neighbors), and the BPD actively communicates and discusses village government policies (for example, on splitting large neighborhoods into smaller ones).

Examples of continuing accountability through the BPD: These villages tend to be high capacity villages that already have effective governance in place (based on *adat* institutions or other means of balancing responsibilities between state and non-state leaders), and have incorporated the BPD into these structures. Note, however, that Walet (below) was considered low capacity in LLI2, but has improved problem-solving since. This village is thus an example where the BPD has been part of, and likely contributed to, a notable improvement in accountability since LLI2.

3. Deling (Java)

Deling is notable for its capacity to construct home-grown governance mechanisms (such as a long-standing, effective water user's group, see Box 8) and appropriating formal government structures to fit local needs. It was one of the villages in which the BPD had been established in LLI2, by which time the BPD had changed the structure of the government (reducing the number of section head from five to three) but increased the compensation for some officials (by increasing the area of *tanah bengkok* allocated to each).

In spite of the change to BPD/2004, Deling has retained the BPD's function as a citizens' representative and the ability of the BPD to act as a check on the village head. The BPD reviews village regulations before they can be implemented, and also checks the village head's accountability report before it is finalized. BPD members continue to be directly elected, and membership of the council has remained unchanged since 2003. A BPD representative is present at every neighborhood meeting to identify villagers' needs (see Box 6).

4. Sipahit Lidah (Jambi)

In this village, *adat* governance structures remain strong and are well integrated with state government. In fact, *adat* structures dominate, acting as the community's decision-making authority, while the formal village government

is the implementer of decisions made by *adat* leaders. Alongside the village head, the BPD is an active participant in formal village affairs. Together with the *adat* institutions, the village head and BPD are involved in identifying and addressing village needs, as well as in the distribution of government programs and projects.

In Sipahit Lidah, for example, the village has been able to resolve a boundary conflict with two neighboring villages. These types of problems affect many villages, but are often among the most difficult to address effectively. To address the conflict, the Sipahit Lidah village head mobilized various institutions, including the *adat* council, the BPD, Karang Taruna, and the villagers. First, they arranged an internal village discussion about how to address the conflict. Then, village representatives organized a discussion that involved leaders from the other affected villages, along with district representatives. These negotiations resulted in joint resolutions that resolved the conflict and has prevented it from re-emerging.

5. Walet (Java)

In 2007, villagers in Walet elected a new village head, rejecting the incumbent because of his misuse of village development funds. The current village head is notable for his efforts to improve the village government's responsiveness to villagers (for example, by ensuring that one member is always on call) and acting as an example for innovations that could be adopted by citizens (such as increasing crop intensity on his own land to encourage others to follow suit).

The BPD in Walet helps the villagers to control the village government. For example, in 2012, residents in one hamlet were dissatisfied with the performance of their hamlet head and complained to the BPD. The BPD then met with the village government, bringing in subdistrict staff to act as negotiator. Subsequently, the village head issued the hamlet head an ultimatum: he had one year to improve his behavior, after which he would be fired if his performance was not up to scratch.

BOX 9:

Water user group in RT 01, RW 04, Deling

Before 1992 villagers in RT 01, RW 04 did not have piped water. They had to walk about a kilometer to reach the nearest river. This problem was raised at a neighborhood meeting, and villagers agreed to install pipes to bring water from the spring in a neighboring village to their houses. The neighborhood contributed IDR 400,000 towards this, and each of the 30 households contributed IDR 70,000. The village government contributed IDR,000 and one of the villagers who had a co-worker who was a member of Rotary Club managed to get a contribution of 35 bags of cement.

The neighborhood head, who later became the head of this water users group, always discusses plans and mechanisms or rules, including sanctions, user charges and maintenance, with the group members. The group's management team periodically reports to members on the use of group funds. The books are clear and very well prepared, and placed on the coffee table in the house of the head, accessible to all members. The team also regularly check the system to make sure that each member gets his share of water. The system works well and there have been no major problems or complaints.

The BPD also provides input on village government's decisions. For instance, when the hamlet heads asked for more *tanah bengkok*, the villagers rejected the request because they did not believe the officials' performance merited reward. The BPD organized a meeting at which it was decided that the performance of the hamlet heads would be monitored for one year – if performance improved over the period, the village head would be authorized to offer them more land.

Given the strengthened position of the village head (see Chapter 6), villagers have become more dependent on the village head to access resources to address local needs. In LLI2, villages could rely on the networks of well-connected community leaders (often prominent religious, *adat*, education, or business figures) to channel the required funds, expertise, or other resources. With the concentration of financial and political resources at the district level, the official ties of a well-connected village head are important to gaining access to resources that can often be tailored to the specific problems villagers face. If the village head lacks such ties, does not use them effectively, or uses them only for personal gain, the village is at a substantial disadvantage as it is losing out on the relatively plentiful and flexible resources (compared to LLI2) available for problem-solving.

For the village head to effectively solve local problems, he therefore requires both networks and a motivation to use these in the village's interests. To ensure the latter, institutional mechanisms are needed to align the interests of the village head and the interests of the residents, by informing the village head of villagers' needs and holding him accountable for responding to them. In some villages, *adat* governance mechanisms operate at multiple levels (sub-village, village, and inter-village) to facilitate communication between leaders and residents and monitor chosen leaders (see the example of Sipahit Lidah above). In most villages,

however, no such mechanisms exist. In the first set of examples, the BPD/1999 played this role, but lost it with the shift to BPD/2004. Currently, in Beral, the village head does mobilize some projects for the village, but their relevance to local needs is often vague (for example, villagers explained that building materials are sometimes delivered but they are not informed what they should be used for). In Karya Mukti, the loss of the BPD's role in monitoring the actions of the village head, freed him to use village resources for his own purposes, which have no bearing on the villagers' priorities and needs. In contrast, Deling and Walet villagers realized the usefulness of the BPD/1999 and were able to retain its effectiveness even after the 2004 shift.

The BPD/1999 has thus shown itself to be an effective accountability mechanism and should be reinstituted. Where *adat* or other non-state institutions succeed at ensuring that the village head (and village government more broadly) work in villagers' interests, the BPD should not be imposed as it may disrupt existing effective mechanisms. In such cases, authority and legitimacy should remain *adat* structures. However, in many villages, traditional accountability mechanisms have already been displaced by formal state governance structures. Accountability mechanisms that are integrated with government structures are thus needed, and a return to the BPD/1999 would be a straightforward way to do this.

Arguments against reviving the BPD's representative and monitoring roles will likely point to cases of conflict that resulted from the BPD/1999, where the BPD was seen as a hindrance to the smooth functioning of the village government. In fact, even though BPDs were still very new in many villages with little time to gain experience, such conflicts were used to justify the move to BPD/2004. It is important to note, however, that the **underlying tensions remain, albeit in a less open form, in spite**



of the weaker BPD.⁸⁸ The above examples of continuing efforts at accountability, even in villages where the BPD no longer formally has this power, indicate a persistent impulse to keep the village head in check. This impulse could eventually flare up into protests, but these sign of open conflict and attempts at direct accountability have declined in frequency since LLI2. **More likely is passive resistance, such as ignoring the village head's meetings and requests for input and contributions, while waiting until the next election to try to affect change in the village's formal leadership. This sense of latent conflict and political apathy undermines villagers' collective problem-solving capacity and is counter-productive to the Indonesian government's other efforts to improve the state's responsiveness to citizens (such as PNPM).**

Instead of retaining a weak BPD, **effective accountability institutions at the village levels should be combined with mediation mechanisms at higher levels of government to resolve conflicts.** By formalizing both accountability and conflict resolution mechanisms, conflicts can be addressed in relatively measured ways, rather than simmering unproductively and potentially exploding.

II. Links to district government

In LLI2, villages were characterized as “isolated” from higher levels of government (Dharmawan 2002, 37). Decentralization and election of district officials have helped to break this isolation, improving villages' access to district resources. However, improved collaboration between districts and villages is almost always initiated by village officials, rather than being attributable to proactive district agencies.

Table 1. 2011 ADD funds by province

Province	Low	High
Jambi	IDR 31 million	IDR 243 million
Central Java	IDR 52 million	IDR 99 million
NTT	IDR 50 million	IDR 141 million

⁸⁸ In some villages, the BPD/1999 was an institutionalized means of harnessing political competition in the service of accountability. Contrast the efforts of the Karya Mukti village head, keeping corruption in check through his role as BPD head, with the repeated disruptive purging of corrupt village heads by political rivals in Tiang Berejo.

VILLAGES RECEIVE INCREASED FUNDS FROM DISTRICTS, BUT RARELY FOR LOCAL PRIORITIES

Funds allocated to villages in large part come from districts. Absolute amounts vary greatly by province, but also within each district, depending on whether a village has *desa* or *kelurahan* status, and on each village's ability to attract program funds. In particular, ADD funds are allocated to all villages from the district (drawing on transfers from national government, see Table 1). ADD funds can make up a substantial proportion of the financial resources villages have at their disposal. For example, in the Jambi villages, ADD funds account for the majority of funds available in all but one village (where they are roughly a third of total available funds).

ADD grants are more substantial than transfers from higher levels of government have been in the past. Village leaders see this as a positive development, as they have more funds available for development projects.

For example, in NTT before 2009, grants were sufficient only to pay officials' salaries and for intermittent repairs to the village office. The more generous ADD funds available in recent years are usually used to supplement or maintain existing infrastructure, based on proposals from neighborhood/hamlet heads. Some villages in Java instead allocate ADD funds to hamlets on a rotating basis, leaving it up to local leaders to decide how to use them.

Along with ADD funds allocated from the district, **villages receive funds from district technical agencies**, such as education, health, social services, agriculture, industry and trade (in addition to funds from the national government, including PNPM and national poverty programs, and private funding from NGOs and foundations). **However, these funds are already allocated to programs designed by district or national agencies; when they are received by villages they therefore rarely correspond to expressed problems or**

needs. In essence, they are outside the control of the village, which is asked only to implement the program, not tailor it to local needs.⁸⁹

ALLOCATIONS BASED ON CONNECTIONS & PATRONAGE, NOT NEED

Districts generally lack active outreach mechanisms to identify local needs. The most significant avenue for villagers to access program funds that respond to local needs is by lobbying district agencies. When a problem emerges, well-connected village leaders can learn about available programs through their networks, and make a proposal to get access to funds, technical assistance, or equipment available through the program. In some cases, village heads report that they are alerted to programs by their district

contacts, and are asked to make a proposal for support (whether or not there is a clear need in the village for that particular program).⁹⁰

Such efforts can be successful, and are a significant resource for villages to draw on in their problem-solving efforts. In Central Java, every village reported at least one problem in which district programs made up part of the response. Notably, however, mobilizing these resources relies on villagers' initiatives rather than outreach by the district. In this sense, **access to district resources depends on village capacity, rather than supporting it.**

To ensure their villages are allocated programs, village officials thus need to actively bring problems to the attention of district officials.

Making proposals is critical to these efforts, but even more important is good connections⁹¹ that inform officials about opportunities, and ensure a response and

⁸⁹ This is the case for most programs, not only those allocated by the district. PNPM aside, most national programs and private funds are transferred only for specific purposes, with villagers (mostly officials) taking an implementing role only.

⁹⁰ Noted in Sungai Besar, Beral, Walet, and Mataloko.

⁹¹ Usually personal but also through formal village head networks, such as *Forum Komunikasi Kepala Desa Satria Praja Banyumas* and *Jaringan KD Golewa Selatan*

BOX 10:
Building up networks to get resources

The village head of Deling, Central Java, a former inter-city bus driver, did not have any contacts or networks in the district. He realized, once he became village head, that he needed to network. He started visiting the district offices as his village is only 12 kilometers away from the district capital. These district government agencies included community empowerment, agriculture, irrigation, and forestry, which had a lot of projects.

In early 2012, the deputy district head attended an event just outside Deling. In the evening he prayed in one of the mosques in Deling, where he complained about the condition of the roads. The village head replied quickly that the village did not have funds to repair the road. A month later he was told by district public works to submit a proposal for road on the recommendation of the deputy district head, and in April, the village took delivery of 25 tanks of asphalt.

follow-up to submitted suggestions. Most village heads have such networks through their past public offices or business activities or the village head association, and those that do not or have more limited network are at a disadvantage, reflected in fewer projects brought to their village (as in, for example, Kalikromo; see Chapter 3). Some village heads are able to build networks where none previously existed, but these individuals are exceptions, rather than the rule (see Box 10).

District officials are generally responsive to village officials, rather than to initiatives from other villagers. For example, when a Kali Mas farmers' group submitted a proposal to the district agriculture, animal husbandry, and fisheries agency, they were told to channel it through their ward officials. **This lack of responsiveness increases villagers' dependence on capable village leaders to access district resources.** It also limits access to district resources for those problems (and associated villages) that the village government identifies as priorities. Given the high level of inter-elite conflict in many of the LLI communities, access is often unevenly distributed. Some communities take the drastic step of seceding from their village to improve access (see Box 11).

One district funding source that may be more open to villagers is *dana aspirasi*, which are allocated by parliament members. *Dana aspirasi* purportedly have the fewest restrictions of all district funds provided that the villagers have direct access to a parliament member. Only a handful of LLI villages have parliament members who come from the village (or that the village was instrumental in electing), however, and on whose support they can count (see Chapter 3).

There are, of course, also formal mechanisms for bringing village needs to the notice of district officials, such as the development planning process (*Musrenbang*) and village medium-term development plans. In NTT, villagers noted

two examples of projects secured through the development planning process (referred to as the "*jalan surga*" or 'stairway to heaven' of funding mechanisms): a health post in Ndona and a water supply system in Mataloko. However, this process is slow and uncertain. For instance, one Beral water project implemented by the local water supply utility took about eight years to complete. Villages in Jambi report that they are still waiting for responses to proposals submitted before the mass political and governance reforms of 1998. Village officials also note that the **proposals that are passed upwards through these formal processes are often irrelevant to or, at best, suggestive of what might be received from the district.** Villagers in both Merangin and Muaro Jambi districts report that the proposals submitted through the formal development planning process are not prioritized by district agencies; instead, they lobby the district head to bring projects to their village or access social assistance funds. In Banyumas, village heads say that lobbying is needed to ensure that proposals submitted through the formal development planning process receive funding.

In Jambi, only Batanghari district has a clear and functioning planning mechanism, which requires the village medium term development plans and the district medium development plan to be in alignment. All projects funded by the district (from district agency budgets, through the development planning process, or through *dana aspirasi* from the parliament) must already be outlined in the village medium term development plans. However, even here at least one village head (Sungai Besar) reports that only the general categories need be in the village medium term development plan for funds to flow; the specific locations, beneficiaries, and scope of projects are negotiable and may change depending on availability of funds. Village heads still have to lobby, as there are 116 villages in the district: "If you don't lobby, you get nothing".

BOX 11:

Village proliferation (*pemekaran*)

LLI3 did not set out to look at village proliferation, focusing instead on the village with the largest population where villages had split since LLI2. In the field, however, the rate of proliferation in LLI villages in Jambi and NTT turned out to be large, and the research team checked with the seceding village for the reasons of the split. No other information was consistently collected in these villages. In three out of eight villages (38%) in Jambi, and in one ward of the four villages and wards (25%) in NTT, a hamlet had seceded to become a village in its own right. One hamlet in another NTT village united with a new neighboring village, while three more villages in Jambi are attempting to break away.

Secession is driven by dissatisfaction over sharing of resources and/or the personal ambition of a few local leaders, rather than by the readiness of the hamlet to be a village in its own right. In all cases of the proliferated villages, the break-away hamlet is far from the center (thus more isolated from services) or the residents felt they were neglected by the village government. They did not get as much information or as many projects as the other hamlets or they were not involved in the planning discussions of the village development. Most of these distant hamlets, at least in Jambi, are known as “hamlets of migrants” (mainly from Java) even though the residents have been living there for more than a generation. In the one case in NTT, however, the hamlet has actually received projects – mainly as a result of its own efforts, rather than the efforts of the ward administration. This prompted local leaders, led by an influential businessman, to insist on a separation.⁹² When it did separate, the son of the businessman became the interim village head. In one case in Jambi, according to a teacher who moonlighted as patchouli trader in the new village, the secession was driven by the fact that the hamlet used to be a village in its own right even though it only has a population of 80 households, but was forced to merge with the present village under a now defunct law (Law 5/1979). On-going attempts to secede are driven by similar dissatisfaction, although one is actually driven by local conflicts during the most recent village head elections. In another (high capacity) village, the hamlet has actually backed down after the recently elected village head showed willingness to be more accommodating to the needs of the protesting hamlet.

Services are better but they seem to benefit the elite most. Now these new villages get their own village grants (ADD) which becomes larger per capita, and get projects for their own area that benefit them, such as roads, clean water, schools, health services and agricultural inputs. For example, one village in Jambi had a marked improvement in basic needs. Prior to the split, this hamlet’s PPK/PNPM proposals for wells were never prioritized, even though residents were relying on (increasingly polluted) water from the Batanghari river for drinking, washing, and toilet needs. Since seceding, the village has gained twenty wells through PNPM and other programs. In this way, secession has clearly enhanced the village’s capacity to address local problems.

⁹² Some of the leaders in the hamlet have good networks with district officials that enable them to get projects. In addition villagers in this hamlet were more willing to donate their land for the projects (e.g., village clinic), while the land in the “old” ward was rife with conflicts that has resulted in the cancellation of a few projects.

The seceding villages also suffer from some of the same problems as other villages, including elite domination of benefits and unresponsive leaders. There may be improvements in some areas (increased funds, more projects to manage), but the elite retains control. Or they may have problems with the village head they elected; for example, in one new village the village head was not open about the use of various funds, including ADD funds and fees paid for electricity generated by the village micro hydro system, but the villagers did not protest as the village head appeared to have local police back up. An informant said that villagers chose to remain silent and not to participate in the village activities, and will not re-elect the village head.

“Old” higher capacity villages deal with the impact of the secession better, while lower capacity villages find it hard to recover. Secession leads to a split of resources or assets (for example, health clinics and student dormitories) which is a loss to the “old” villages. For example, in a medium-capacity village in Jambi, management of the micro-hydro power system is split between the now two villages. Each village has a different management system. So, when the system was used above its capacity and the generator broke down, collecting sufficient money for repairs from the two villages proved difficult. Some villagers solved the problem themselves by forming small groups (of 15-17 households) in their hamlets and setting up their own power system, which is now being replicated in the new village. In the village in NTT, the health clinic lost to the new village has yet to be replaced because of land conflicts.

GENERAL LACK OF ENGAGEMENT FROM DISTRICTS

District officials' lack of proactive identification of villagers' needs is symptomatic of a broader pattern of passivity. Not only are district officials ill-prepared to identify and respond to problems; when they provide resources, these are often insufficient to resolve local problems. There is also almost no monitoring of how allocated funds are used, either to avoid misappropriation or to ensure that the assistance provided achieved the intended results.

As noted in LLI2, villagers reach out to external actors (such as the district) for help with problems that are too technically or financially burdensome to address on their own. LLI3 data show similar patterns, but indicate a troubling lack of attention from higher-level officials to the larger issues causing local problems. For example, several Central Java villages report district assistance in response to extraordinary flooding (Walet, Kali Mas, Kalikromo). The district mobilized funds to help these communities deal with the effects of such crises; however, there are no reports of district officials attending to the larger issues of deforestation, dams, etc. to address the roots of the problem. These are issues that might be under the jurisdiction of national government, but precisely because of that the district officials are expected to work actively to represent villagers' interests. The underlying issues may be overwhelming to district agencies, as well (covering several districts, in the case of flooding), and it is possible that provincial/national government is actively searching for solutions to such issues.

When technical assistance is mobilized from the district (and higher levels of government), it is often ineffective. For example, in Mojo, provincial agencies dredged a dam to improve water flow for irrigation. After bringing needed equipment out to the dam, they dredged only one of the ten meters of accumulated silt, resulting in negligible improvement for farmers. Similarly, in both NTT and Central Java locations,

villagers complain that extension services from the district provide little help in dealing with pests or livestock diseases. After reporting infestations to district offices or extension agents stationed in villages, spraying or advice may be provided, but to no effect. There are also several examples of district and national agencies mobilizing to drill wells to address water shortages, mostly in NTT, but also in Jambi (Ulu Sebelat) and on Java (Wonogiri). In many cases, however, these either do not go deep enough to provide fresh water, go dry when they are most needed, or hit salt water.

The insufficiency of district interventions and lack of connection to local needs can, at times, create new problems. For example, two villages in NTT report that, after village leaders negotiated long-fought solutions to land disputes, the issuance of land certificates was so slow that new conflicts emerged due to the continued uncertainty over ownership. Also in NTT, plans for an irrigation scheme and an airport failed to develop resettlement plans for displaced households, causing new complications for villagers.

District programs are often implemented without thought to sustainability. NTT villages (Kotagoa, Mataloko) report experiences with district programs creating new groups for seaweed farming and animal husbandry. After these groups failed to market their outputs, however, there was no help or attempt to maintain the groups from the district agencies responsible for the programs. In another NTT village (Ndona), the district trained villagers in making organic fertilizer, but villagers are unable to continue the practice as it requires costly inputs. In Central Java, education agencies provide training programs (sewing, carpentry, etc.) to several LLI villages. However, there are no reports of follow-up by district officials to ensure that trained villagers are able to find markets for their skills or products. For instance, two villages in Central Java (Krajan and Deling) both received training for youths to improve their employability. In neither case did district officials provide opportunities for the trained youths to use their



new skills; although in the latter, high capacity village, local officials (head of the youth group) approached local workshops to introduce trained youths and also provided start-up capital to those who showed most promise. In the former village, which is characterized as declining capacity, villagers received no further support from local leaders. This example shows that **capitalizing on district programs often depends on the villager leader's own abilities; district assistance thus tends to reinforce capacity in those villages that are relatively able to address problems, rather than supporting lower-capacity communities.**

In addition to not ensuring the sustainability of outcomes, **district officials generally fail to monitor the use of funds provided.** In all three provinces, villagers report that there is no monitoring of ADD funds. In Jambi, districts train village heads in financial reporting, but do not corroborate or actively use this information. In Central Java, the community empowerment board (*Badan Pemberdayaan Masyarakat*, or

Bapermas) is tasked with coordinating and strengthening community organizations, and also with monitoring the use of ADD funds. There is no attention paid to financial reports, however, and no monitoring visits. At the end of a village head's term of office, there is an audit by the district, but by then it is often too late to sanction past misappropriations. District staff in Wonogiri report that each year there is only one visit to villages, which are picked at random (as there are no monitoring criteria). In NTT, district rules stipulate that the second tranche of ADD funds (30%) will not be transferred if the first tranche was not spent as planned. However, village officials say that both tranches are always received, regardless of expenditure patterns.

Villagers (both officials and other residents) report that, while they approve of funds provided, they also see many shortcomings in district performance. In NTT, village heads describe district officials as "just chasing targets"; distributing program funds without consideration of who benefits and whether programs are appropriate or work as intended. One district project in Mataloko stands out, however, as a counterpoint to many of these failings, illustrating the **benefits that district assistance could provide with a more proactive approach to identifying needs and assessing the impact of assistance** (see Box 12). The organic coffee cooperative organized in this village is appropriate for the local economy, originated in response to a clear need, and provides at least some benefits to the poor. Importantly, it also demonstrates sustained involvement from the district, which has led to an evolution of the assistance over time to respond to changing circumstances. While the motivations of district staff in this case are unclear, it is evident that the cooperative does provide sustained benefits and is helping at least a subset of villagers improve their livelihoods. This and other examples of a more proactive and flexible approach to responding to village needs could provide a model for other districts.

BOX 12:**Coffee Cooperative (*Unit Pengelola Hasil*), Mataloko, NTT**

The coffee cooperative was initiated by the district plantation agency, which provided loans to active coffee farmer groups. The cooperative in Mataloko started up in 2005. Before that, farmers used to sell their coffee to middlemen at low prices. The district plantation agency provided the cooperative a short training course to learn about coffee planting and post-harvest processing, as well as team building to strengthen the group. It also provided some equipment, such as a generator, tarpaulin and sacks. In 2006, just before the first harvest, the district agency gave the cooperative a low-interest loan of IDR 130 million for post-harvest processing of the coffee, including renting a piece of land. The coffee the cooperative produced was sold to a company in Surabaya. The profit was used to pay the first installment of land they bought for post-harvest production and for to buy new coffee plants. In 2007, the provincial government provided a new loan to pay off the land and expand production. Membership of the group had also doubled. In 2010, the group was able to produce 17.5 tons of coffee, its largest production to date, and is encouraging members to maintain organic farming practices so that US buyers will continue to purchase their beans. This collective is one of the few groups currently active in this village.

III. Projects

During the LLI2 and LLI3 focus group discussions, participants were asked to identify government projects that had been implemented in their community. They were then asked to discuss in detail two or three projects with which they felt familiar in order to gauge villagers' experiences with government projects. It is important to note that this method focuses on those projects the villagers identified, rather than a representative cross-section of all programs in the village.

PARTICIPATION

In the LLI2 selection of projects, we noted a shift towards more participatory projects after 1998, when the massive political and governance

reforms began (Table 2).⁹³ In spite of over a decade of participatory programs since, however, there has not been a wholesale improvement in the levels of participation in project planning reported by villagers in LLI3. There are some gains; less than half of projects recorded in LLI3 are characterized as “not participatory”, meaning that **most projects have at least some planning involvement from villagers**. However, roughly the same proportion as in LLI2 is described as “participatory”, indicating that villagers are still contributing to plans in only a relatively small segment of programs, remaining passive on-lookers at planning meetings in most cases (“somewhat participatory”).

TABLE 2 Project planning participation over time

	LLI2	LLI2	LLI3	LLI3	LLI3
	Pre-1998	1998 & after	Total	Pre-2008	2008 & after
Participatory	12%	22%	27%	24%	29%
Somewhat participatory	19%	9%	29%	38%	21%
Not participatory	53%	53%	43%	33%	50%
No info	16%	16%	2%	5%	-
Total	100%	100%	101%	100%	100%

Source: LLI2 and LLI3 FGDs

93 Projects identified in focus groups were categorized as “participatory” (villagers could participate in decisions at the project planning stage), “somewhat participatory” (villagers attended meetings at the planning stage, but did not have a clear opportunity to participate in project decisions), or “not participatory” (projects plans were either decided on outside the village, or involved no-one outside the formal village leadership).

Looking at how participation may be changing over time, it is also worrisome that **villagers do not appear to be gaining more sway over decisions**. For projects implemented since 2008,⁹⁴ the proportion that is not participatory has increased substantially compared to those in the earlier part of the decade. While more projects accommodated villager inputs in the latter period (29%), projects generally seem less open to participation over time.

The household survey reinforces these patterns: there has been a decline in the frequency and intensity of participation in village-level decision making even while awareness of planning processes has increased (Table 3). Awareness of development planning has increased in all villages.

Whereas before eight percent of households claimed that development planning did not occur in their village, by LLI3 essentially no households claimed there was no village-level development planning.⁹⁵ However, overall, the number of households claiming they are “actively participating” in development planning has fallen from 17 to 10 percent from LLI2 to LLI3, while the number who are “expressing opinion, but not involved in decision-making” has risen from 21 to 27 percent, and those who are simply “not participating” has risen from 55 to 63 percent. This shift is particularly notable in the NTT study region, where the frequency of “active participation” was essentially halved, while the frequency of “expressing opinion, but not involved in decision-making” essentially doubled.⁹⁶

Tabel 3. Household participation in problem-solving discussions regarding village-level program planning

unit: % of respondents	LLI2				LLI3			
	Total	Jambi	Java	NTT	Total	Jambi	Java	NTT
Active	49	58	53	34	67	81	83	35
Expressive	20	10	9	41	8	4		18
Not Active	7	4	16	3	5	5	2	8
There is no dev't planning	4	7	2	1	14	9	9	27

(Source: LLI2 & LLI3 household surveys)

⁹⁴ In LLI2, the fall of Soeharto provided a critical juncture around which to compare experiences. The choice of 2007 as a split in LLI3 is more arbitrary, based on the distribution of projects reported in focus group discussions. Roughly half (44%) occurred before 2008, so this year was chosen to enable sufficient numbers of projects to compare over time.

⁹⁵ In LLI2, the survey questionnaire module that contained this line of inquiry had text for option number four that can be translated as “not relevant” – in other words a potential answer to the question “Does this household participate in discussing planning of village programs?” was “not relevant”. By LLI3, the same survey questionnaire module had text for option number four that can be translated as “There is no such activity in this village” – in other words, the counterpart potential answer to the same question would in LLI3 be “There is no development planning in this village.”

⁹⁶ Similar patterns were observed for questions regarding participation in determining sanctions for corruption and costs of basic services.

The declining involvement in planning should be considered in the context of general declines in communal activity since LLI2 (see Chapters 3, 5). Further analysis is necessary to assess whether households and villages show corresponding declines in general participation and in decision-making, such that villagers maintaining high levels of participation in community activities also engage more (and more actively) in government decisions.

LLI2 noted links between increased participation and transparency and higher overall satisfaction with projects. These patterns are similar for LLI3; **villagers report higher satisfaction with projects as opportunities to participate increase and for projects about which they know more**⁹⁷ (Table 4).

TABLE 4 Satisfaction with projects by level of transparency and participation

	Transparency		Participation		
	FG not aware of funding amount	FG aware of funding amount	Not participatory	Somewhat participatory	Participatory
Not satisfied	28%	25%	43%	7%	15%
Somewhat satisfied	40%	21%	38%	36%	15%
Satisfied	24%	50%	10%	57%	62%
No info	8%	4%	10%	-	8%
Total	100%	100%	100%	100%	200%

(Source: LLI3 FGDs)

⁹⁷ Proxied for by awareness of the amount of funding provided for the project

Compared to the qualitative data, the household survey indicates that, **on average, transparency increased** on three different measures (Table 5). For example, for externally-generated funds for development projects, the number of households answering that it was “customary” in their village to receive an explanation regarding the use of those funds rose slightly from 56 percent to 58 percent (across all study regions). However, the means mask different regional experiences. **Respondents report declines in transparency on all three measures in Jambi, across-the-board increases in Central Java, and mixed results in NTT.**



Tabel 5. Changes in transparency

Is it customary to do (...) here?									
unit: % of respondents		LLI2				LLI3			
		Total	Jambi	Java	NTT	Total	Jambi	Java	NTT
1. Explanation of externally-generated fund utilization?									
Customary?	Yes	56	48	53	78	58	34	76	72
	No	44	52	47	22	42	66	24	28
2. Explanation of village cash utilization?									
Customary?	Yes	45	47	41	48	49	39	54	59
	No	55	53	59	52	51	61	46	41
3. Explanation of existing or newly-created programs?									
Customary?	Yes	58	46	61	78	67	41	88	78
	No	42	54	39	22	33	59	12	22

Source: LLI2 and LLI3 HH Survey



ACCESS TO DECISION-MAKING

Using multivariate (linear) regression controlling for correlations between household characteristics⁹⁸ (results not presented), it is evident that **low per capita expenditure, female-headed households with low education typically have lower intensity of participation**. However, in terms of magnitude, the most powerful correlations (in a multivariate setting) of intensity of participation are regional identifiers⁹⁹ and household involvement in either local government or leadership positions in organizations.

Additionally, households are asked to recall whether the communities in which they live ever proposed or made a plea to local government, local political figures, or anyone else in order to acquire something beneficial to the community. This rate of plea-making is highest in NTT,

⁹⁸ Economic status, household demographics – household size and dependency ratio as well as gender, education, and sector of work of the household head – as well as history in the community.

⁹⁹ The intensity score ranged from -1 to +1, where -1 represents an “always inactive” household and +1 represents an “always active” household. Both Jambi and NTT have higher intensities of participation than Java, but all three study areas have negative intensities of participation on average, which means that households everywhere tend to be “always inactive”.

second-highest in Java, and lowest in Jambi (in LLI3). While only suggestive, linear multivariate regressions within the LLI3 data (not presented here) indicate that **most** of the characteristics which matter for intensity of participation in decision-making (at the village government level) matter also for initiating activity with government. That is, **wealthier households with higher education, as well as households with experience in government or formal management of groups, tend to initiate activity more frequently**. At the regional level, it is suggestive that the regions with higher “transparency” or “open government” scores – Java and NTT – also have higher rates of initiating activity with local government. At least in the case of Java, this may indicate that initiating activity directly is a substitute for getting involved in regular government decision-making (as household “intensity of participation” scores were lowest in the Java study area – see above).

CAPACITY

In LLI2, we speculated that low capacity villages might benefit from participatory project designs, taking advantage of greater opportunities to give input to enhance their problem-solving abilities. At least for projects reported in the LLI3 focus group discussions, this does not appear to have played out as hypothesized. **Proportions of 2000-2012 projects reported as participatory or somewhat participatory are considerably higher in villages characterized as medium and high capacity in LLI2** (Table 6). Given shifts in problem-solving abilities over time, participatory projects also appear to be concentrated in high capacity villages by the end of the period. These results indicate that participatory project designs are more likely to reinforce existing capacity, rather than facilitating improvements in lower capacity villages.

TABLE 6 Comparisons of project participation rates by village capacity

	LLI2 L	LLI2 M	LLI2 H	LLI3 L	LLI3 M	LLI3 H	
Not participatory	56%	40%	33%	50%	53%	21%	
Somewhat participatory	31%	27%	28%	25%	26%	36%	
Participatory	6%	33%	39%	29%	21%	43%	
No info	6%	-	-	6%	-	-	
Total	100%	100%	100%	100%	100%	100%	

(Source: LLI2 and LLI3 FGDs)

PNPM

Notably, just over 40% projects discussed in the focus group discussions were funded through PNPM¹⁰⁰, underscoring the program's outsized presence in villages during the last decade.

Comparison with other projects

Villagers were more satisfied with PNPM than with other programs, characterizing only 10% of PNPM projects as unsatisfactory (compared to 37% of other projects, see Table 7). The underlying causes of these high satisfaction rates are unclear, however. Particularly surprising, **the focus groups do not perceive PNPM as substantially more participatory than other projects**. While the rate of contributing to planning decisions is distinctly higher than for non-PNPM programs (by nine percentage points), this difference is unexpectedly small given the emphasis in PNPM on direct contribution by villagers. Rates of villagers' attendance at planning meetings is comparable across projects.

Comparing projects characterized as "good", PNPM projects are of higher quality or better maintained than other projects discussed during

the FGDs. However, compared to other programs, a higher proportion of PNPM projects are rated as "bad".

One possible contributor to higher satisfaction with PNPM projects is their greater transparency. Compared to other programs, **villagers are more aware of funding amounts for PNPM projects**. In focus groups, they reported knowing amounts allocated for 55% of PNPM projects (compared to 32% of non-PNPM projects). Note, however, that participants remained unaware of funding amounts for 45% of PNPM projects, indicating that communication of this information is by no means universal.

PNPM and capacity

In all three provinces, PNPM projects have a role in villagers' efforts to address pressing problems, largely through the construction of physical assets. In both Jambi and Central Java, five of eight villages received PNPM projects corresponding to problems noted by the focus groups. Focus group discussions in NTT characterize PPK and PNPM as the programs that most involve villagers, and have the greatest benefits. In this province, PNPM has played a large role in addressing the oft-cited problem of

¹⁰⁰ Combining all PNPM and PPK programs. While this blurs distinctions between the different PNPM versions, FGD participants generally referred to them all as PNPM or PPK.

TABLE 7 Comparisons between PNPM and other projects

	Non-PNPM	PNPM
Satisfaction		
Not satisfied	37%	10%
Somewhat satisfied	26%	40%
Satisfied	26%	45%
No info	11%	5%
Participation		
Not participatory	47%	40%
Somewhat participatory	26%	30%
Participatory	21%	30%
No info	5%	-
Condition		
Bad	11%	20%
Fair	16%	15%
Good	32%	60%
No info	42%	5%
Transparency		
FG not aware of funding amount	68%	45%
FG aware of funding amount	32%	55%

(Source: LLI3 FGDs)

access to clean water. NTT officials also note that problems with getting ahead are more effectively addressed through PNPM than by lobbying for resources from district public works, as amounts are larger and more accessible. Villagers in Central Java report that PNPM infrastructure adds to village assets both directly and indirectly, for

example by building roads to remote farming land that both facilitates access and raises land values (Krajan, Karya Mukti). Given that infrastructure is an increasingly important problem (compared to LLI2), the alignment between problems and PNPM resources is important.

Women's rotating credit groups (*simpan-pinjam perempuan*, SPP) supported by PNPM funds have varying records of success. Many villages report failures to repay, although there are reports of well-functioning groups in each province. In NTT, for instance, one or two successful groups are found in each LLI village. Such successes tend to be long-standing groups (often originating from rotating savings groups (*arisan*) or created by past programs) that have effective rules and monitoring, strong leadership and organizing capacity, established assets, and group agreements respected by members. In this sense, PNPM funding builds on existing capacity.

As is the case with district programs, however, some PNPM projects suffer from lack of technical expertise and unsustainable outcomes. A water project in Mataloko never worked because the pump drawing water uphill was not powerful enough to do the job. Poor maintenance is evident in a Kotagoa water pipeline scheme and in a drainage system in Waturutu. In Central Java, focus groups report inter-village cooperation for joint proposals; however, the collaboration fails to persist beyond the implementation of the project. As noted, SPP groups in particular are often poorly equipped to repay their loans, creating new problems (sanctions for other villagers) instead of resolving the problem it was intended to address.

PNPM and village governance

Although PNPM supports local problem-solving, **there is less evidence of the program strengthening village institutions for participation, or improving transparency and accountability mechanisms.** Often, PNPM stipulations are not followed even in project processes, which make it impossible for them to have broader consequences. In Jambi, many villages skip the hamlet consultation stage, going directly to consultation at the village level, with representation only from village leaders and little participation by other villagers (especially women). After implementation, only one Jambi

village (Sipahit Lidah) reports back to villagers on use of funds; others provide information only to the PNPM facilitator. Similarly, only one village in Central Java (Walet) reportedly makes an effort to broadly disseminate information on selected proposals to villagers who did not attend the community-wide meeting.

Despite the spottiness of these practices, **there is a sense from village officials that they recognize clear differences between PNPM and other programs**, particularly in NTT and Central Java. Central Java officials characterize PNPM as involving villagers, including women, more in planning and as introducing clear means of financial accountability. Their NTT counterparts see benefits from increased villager participation in PNPM projects through higher levels of private contributions from villagers and of involvement in infrastructure construction. Experience with PNPM implementation is also noted in Central Java (Deling) and NTT (Ndona) as a means of learning about governance before holding village office. To the extent this learning is retained, PNPM may contribute to the long-term professionalization of village office holders.

Rank-and-file villagers mostly report satisfaction with PNPM projects based on receiving infrastructure benefits and wages from participating in construction (Central Java and NTT). However, **there are reports in all three provinces of dissatisfaction due to a lack of involvement in planning or an absence of transparency in program implementation** (Krajan, Waturutu, Buluh Perindu). These complaints indicate not only an understanding of program processes, but also an expectation that these practices should have been adopted by village officials. It is notable that these complaints come from villages of middling capacity, tentatively extending some hope that expectations of improved governance practices may be taking root in such communities.

At the broadest level, PNPM's effect on governance may not have been directly at the village level, but by initiating the general spread of participatory programs and lending legitimacy to the idea of bottom-up proposals mobilizing funds. Province- and district-level programs in each province have emulated PNPM mechanisms. While these similar programs create confusion over the effects of PNPM, they also indicate a **general shift towards channeling funds in response to village needs, rather than the uniform approach of institutional monocropping that was the rule of the New Order** (Evans 2004). As noted in the section on district relations above, this shift in program approach has not been accompanied by a general increase in responsiveness from higher-level officials. However, there have been implications of these demand-driven projects for villages' access to district programs. The now standard practice of preparing proposals in lobbying efforts and as part of program practices indicate that **there must be at least a sheen of local needs to justify funds flows**. Officials have learned that they are supposed to say there was community-wide consultation about project decisions (but the discussion often turns out to have been with a limited group of village elites). While such consultations and proposals may still be lacking in participatory input, PNPM and its kin have likely changed the discourse and lent legitimacy to efforts that (at least appear to) bring the needs of the people to the state.

IV. Chapter summary

In terms of having representatives to control their government, villagers are in a much weaker position now. Shifting from elected to appointed (by village head, most of the time) members of BPD has opened spaces for abuse by village heads. It is clear that where the BPD or *adat* institutions are functioning to serve as control mechanisms, village capacity and performance of village government are better

than in places where the village heads run their own show. As also indicated in Chapter 6, this is a call for strengthening control mechanisms in villages, particularly through elected rather than appointed BPD members to give them a strong footing.

District government is not filling the accountability void left by the BPD as districts provide little supervision and monitoring of whether, for example, funds are used effectively. Districts have few mechanisms to identify local needs and are mostly responsive to village officials when they lobby or pro-actively seek out district officials. Districts have increased resources for villages, much more than ever, but funds are rarely address local priorities or problems. Many supra-village government projects remain pre-determined. The implication is giving more autonomy to villages in the use of funds to address their problems is needed, but this bigger role should be provided only if there are stronger control mechanisms.

This chapter shows that participatory projects, including PNPM, are more likely to reinforce existing capacity, rather than facilitating improvements in lower capacity villages to have better governance as we first hypothesized. Such programs work better in high capacity villages but there has not been much improvement in the levels of participation in low capacity villages. High capacity villages are better able to take advantage of the open planning and decision-making in these projects. The programs might need to modify their operations to provide more focus on lower-capacity communities.

CHAPTER 8: CONCLUSION AND RECOMMENDATIONS

The objective of the LLI3 study was to trace developments in local capacity, defined as the ability to solve common problems collectively, since 2000/2001 when the LLI2 study was implemented. In the preceding chapters, we have detailed these shifts and their sources (Chapters 3 and 4) and investigated underlying changes in social assets (Chapter 5), the political economy of village government (Chapter 6), and relations to other state actors (Chapter 7). Below, we make recommendations for policy and programs drawn from the results.¹⁰¹

By design, the LLI studies focus on multiple dimensions of village life that are integral to local development. As a result, the LLI findings have potential implications for any number of policies and programs relating to village-level service delivery, governance, and poverty alleviation. This chapter thus contains two types of recommendations. First, the main text provides a set of very general conclusions from which program designers and policymakers can draw implications for their specific objectives. Second, boxes in this chapter provide specific recommendations to address policies of interest at the time of writing (July 2013).

¹⁰¹ For a summary of findings, see Chapter 1.

Before proceeding, it is worth reminding readers of the limitations of the LLI studies and of this report. As the research area is circumscribed, capturing only a sliver of the variation in political, economic, and social circumstances across the country, it is not representative of all villages in Indonesia. Interpretations for contexts outside the LLI districts should therefore carefully consider local constellations of actors and economic, and social structures. Also, comparing two points in time gives us no direct observation of changes occurring in the interim. What appears to be an improvement over the past decade may actually be in decline relative to a more recent, but unobserved, peak (and vice versa). Finally, this report aims to provide an overview of changes since LLI2, trading depth for breadth. Subsequent analysis will treat some of the issues covered here in more detail.

IMPLICATIONS FOR POLICY AND PROGRAMS

The LLI3 findings show that improvements in capacity are generally explained by changes initiated in the villages, often in collaboration with reformist officials. It is villagers themselves who have brought about changes in assets, elected better leaders, and held them accountable through community mechanisms.

While these initiatives take advantage of changes in the policy and programs of higher levels of government, they remain in the hands of villagers, rather than external actors. In this sense, capacity increases are emergent – difficult to identify beforehand and not open to technical assistance with pre-set targets and designs (Brinkerhoff & Morgan 2010).

It is therefore unlikely that specific programs can be designed that directly support capacity by providing standard suites of technical support with progress measured against performance targets. Instead, **policy changes and program designs need to take into account these characteristics of capacity to support problem-solving efforts initiated by the community**

and to avoid impeding them. In general, such programs need to be “open”, relying on villagers for identification of needs, and creating opportunities for emerging capacities to gain support and improving their odds of success.¹⁰² In this vein, the continuing proliferation of PNPM-like programs is welcome insofar as they hew to design principles that increase community participation, transparency, and accountability.

As other studies have shown and as the LLI3 data indicate, however, the PNPM programs (see Box 14) have been far from a panacea. Although they are important elements in villagers’ problem-solving efforts through provision of infrastructure and credit, their effects on village governance have not met expectations. While such programs are better than other government programs and agencies at meeting villagers’ needs, they are not a substitute for **concerted efforts from government to improve its own capacity to support villagers.**

Another means of supporting local capacity could be through more resources transferred directly to the village for its leaders to allocate as needed, like the larger ADD grants in recent years. In the current environment, however, larger transfers run a high risk of misappropriation or of only benefiting local elites. As we have seen, few systematic checks exist on the use of funds from higher levels of government. **Increasing available funds could potentially benefit villagers in low capacity villages, but without stronger monitoring, would more likely exacerbate inter-elite conflict, further undermining, rather than supporting, local problem-solving.**

Provided that monitoring of use and need could be put in place, the amounts should not be pre-set, but vary depending on what villagers prove they can manage. Villages that show they can use funds productively could earn

a larger allocation for the subsequent period, while villages that squander funds would receive less the next round (Olken, Onishi, & Wong, 2012). Piloting different approaches could help fine-tune funding and monitoring mechanisms.

The characteristics of capacity improvements suggest that, rather than designing capacity-building programs for villages, **policymakers should introduce institutional mechanisms to increase the responsiveness of government (especially district) officials to citizens’ needs.** Given entrenched patterns of patronage and resistance to change (Blunt, Turner, & Lindroth, 2012), such shifts are likely to be challenging. Systems that hold civil servants accountable – through rewards and sanctions – for identifying and addressing citizens’ problems are needed, however, as only then can approaches be tailored to supporting village problem-solving in more effective, equitable, and sustainable ways.

In addition to expectations and incentives for responsiveness enforced through national, provincial, and district levers, there is a clear need to ensure more *accountability* of village leaders to engender the synergies observed in several high capacity villages. Compared to previous LLI rounds, local capacity in LLI3 is more closely linked to government. This shift is reflected in more integration of community leaders with the state through the opening of the village head office, the increased role of village government in community problem-solving, and the relative decline in community- (compared to state-) initiated organizations. While there are examples of synergy, the increase in the village head’s prominence risks becoming a relationship of dependence (or disconnect; see below), rather than mutual reliance, if village heads monopolize external connections and distribution of resources. **Key to enhancing synergy is distributed leadership and power at the community level, backed up with more monitoring from above.**

¹⁰² The variations in priority problems across regions, as well as in prominence of different types of organizations, also argue for programs and policies designed for local control over implementation details.

BOX 13:

Villages Bill

Deliberations are underway of a Bill on Villages, which, if passed will be the first law to focus exclusively on village government since Law 5/1979, which imposed uniform state structures on all villages in Indonesia. While shifts towards more autonomy have taken place with decentralization (Law 5/1979 was superseded by Law 22/1999), the bill now being debated will have a broad and deep impact on how villages are governed and what resources they have to address local problems (Antlöv & Eko, 2012).

At a minimum, the bill should **safeguard achievements to date** in making village government more democratic and accountable. Since LLI2, there have been clear gains in **enforcement of basic requirements for village heads**, resulting in better qualified village heads who do not exceed the specified terms of office. There has been a marked broadening of the field of candidates running for village head, reflecting a change in behavior from district officials who used to approve candidates for village office. Perhaps most importantly, the new law must **avoid weakening electoral mechanisms for accountability**. As we saw in the LLI villages, the ballot box is often the only means available in low capacity villages to remove corrupt village heads.

In parallel, the new law should also avoid **concentrating more power in the office of village head**. The profile and authority of the village head have been raised substantially as a result of developments over the past decade, including the weakening of the BPD, the relative decline of the role of other community leaders in problem-solving, direct access to the district with the removal of the sub-district as a formal level of government, and the direct election of members of higher-level executive and legislative bodies who vie for the support of village heads. These gains in power have not, however, been accompanied by greater scrutiny of the actions of village heads, resulting in an institutional environment where the village head has little incentive to place the villagers' interests above his/her own. The new law should **assign responsibilities and authorities across village offices to create a more balanced distribution of power in the village**.

With the strengthening of the office of village head during the past decade, **additional village-level accountability mechanisms and sources of countervailing power are needed**. Specifically, the **BPD should regain its former status as an elected body, as well as its functions to inform and approve village plans and budgets, and to receive financial and activity reports from the village head**. An elected BPD would also provide an opportunity to engage in formal village government for non-state leaders and institutions that are losing ground to state counterparts. **Legislation to reinvigorate the BPD should also be sensitive to existing customary accountability mechanisms**, to avoid weakening them where they are functioning effectively.

Strengthening accountability by shifting the distribution of power is inherently conflictive, so disputes should be anticipated in policy. Learning from prior experience with village head-BPD relations, the new legislation should explicitly incorporate **conflict resolution mechanisms**, to mitigate disputes that will certainly emerge as BPDs regain authority. Such mediation efforts should be kept local, to ensure that villagers have the opportunity to follow developments. In addition, they should engage

an external arbiter (possibly the sub-district head) as villages with high levels of internal (elite) conflict may be particularly likely to see disputes arise between village heads and BPDs. An external party is thus needed to ensure that these conflicts do not deadlock government decision-making and undermine problem-solving potential.

Over the past decade, increases in ADD funds have been welcomed by villagers, as they are sufficient to address some local priorities, rather than just cover officials' salaries. The new legislation Desa should continue to provide for substantial funds that are under direct village control. More funding under autonomous control could support problem-solving if village government's interests can be made to align with villagers' needs through institutional means. However, **ADD funds should not be increased without evidence that past allocations have been used to benefit a broad swath of villagers.** Monitoring could be provided by both the re-empowered BPD and district-level agencies, and must be more active and frequent than simple end-of-term reporting. Across the LLI districts, existing passive reporting mechanisms have failed to avert misuse of ADD grants.

Finally, women's sharply increased participation in LLI village organizational life has not been mirrored in political institutions, from which they remain largely absent. While there is evidence of a broader swath of candidates standing for office and being elected (from religious minorities, remote hamlets, and minority clans), women have not benefited from this shift. To overcome barriers to women's participation in village government, the new legislation should stipulate **affirmative action for women's leadership and participation in decision-making.** For instance, a percentage of elected BPD seats could be reserved for women. Similar quotas in Indonesia's national and local parliaments have had mixed results (Bessell, 2010; Davies & Idrus, 2011), but extrapolations from these experiences to the village level should be made with caution. First, parliamentary outcomes are a reflection of 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 & Idrus, 2011). In contrast, the new legislation on village government should **reserve positions in elected bodies 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.** Finally, quotas are not an instantaneous remedy to long-standing gender stereotyping and patterns of discrimination, which can take decades to change. Experience in other countries has shown that while quotas are no magic bullet, they can help ensure an equitable representation of views in village government decisions and, over time, are likely to result in female leaders with political experience who can be elected outside the reserved seats (Ban & Rao, 2008; Clots-Figueras, 2011; Tadros, 2010). Further, institutional mechanisms to encourage women's participation in direct democratic decision-making has been shown to result in more equitable development outcomes (Gibson, 2012). In addition to quotas, this is another means of encouraging women's participation worthy of exploration.

Responsiveness

To support villagers' efforts to address and solve problems, **government actors (particularly at higher levels, and including both executive and legislative agencies) must find effective mechanisms to identify needs and for villagers to bring their problems to the state for help.**

As detailed in prior chapters, villagers draw on government programs in problem-solving (witness the high levels of overlap between problems in Jambi and the use of state programs to address them). However, such dovetailing is often the result of villagers' use of sophisticated networks and lobbying rather than active outreach by districts.

The RPJM process of identifying village medium-term needs could hold some promise, but is in limited use. Of the LLI districts, only Batanghari is using the village medium term development plans in planning. Most districts are not relying on these village development plans for allocations and, even in Batanghari, they need to match only the general category of plans (rather than the specific needs originally identified). Other existing planning processes (*Musrenbang*) are also slow, sometimes taking years to respond, by which time the needs may have been addressed locally, or changed in scope from the initial identification. The efficiency of these processes needs to be monitored in terms of alignment with villagers' needs, scope, and timeframes.

In addition, **district agencies must become more proactive in their outreach to villagers.** From a village-level perspective, many districts are currently "chasing targets," pushing programs to villagers regardless of need or past performance. By spending more time in villages (attending planning meetings, for example), district representatives could improve their grasp of current local issues, better targeting existing programs and technical assistance, and gathering timely input for the design of new ones. However,



attending meetings and gathering information are insufficient on their own; officials need incentives to use this knowledge to proactively assist villages to solve their problems.

District actors also need more systematic and democratic ways for villagers to bring emerging problems and needs to their attention. Villagers currently rely on active leaders (particularly the village head) to work their connections for access to programs. Villagers with a poorly connected village head are therefore at a significant disadvantage for mobilizing support from higher levels of government. Villagers who take matters into their own hands are in some cases turned away from government offices and told to go through their village head to contact the district. Possible mechanisms to complement the annual planning processes include a network of outreach officers in sectoral agencies (perhaps drawing from able PNPM facilitators) as points of contact for villagers, clear and open procedures for contacting them, requirements for these individuals to spend time in villages, and collaboration between such officers in different agencies to channel needs to appropriate technical experts. Again, such efforts should be evaluated, not just for interactions with villages, but for concrete responses corresponding to needs.

While drawing closer to them, district agencies should simultaneously take advantage of their distance from villages to gain a broader perspective on problems, exercising their technical expertise to identify wider patterns and underlying causes. By working to address deeper issues, in combination with specific village needs, they could address both short-term symptoms of, and attempt to find longer term solutions to, problems that overwhelm individual villages. Such efforts would require inter-sectoral coordination and pooling of both information and resources.

To identify means of increasing districts' responsiveness, **provincial and national governments should work with promising districts/municipalities to streamline processes and identify innovations that could be shared and adapted to other contexts.** Of particular interest are examples of district staff working with, and developing opportunities to address the problems of, poor villagers over the long term, rather than offering one-off standardized programs that prove unsustainable. In the LLI districts, the Ngada agricultural agency provides one possible object of study, using its coffee cooperative in Mataloko as a starting point (see Chapter 7).

Higher levels of government also need to scrutinize their own programs, policies, and procedures to identify and revise aspects that may reduce responsiveness. **National and provincial actors should also construct and enforce stronger accountability mechanisms to check on whether district planning allocations correspond to identified needs, district officials engage with communities in their villages and when they come to districts, and processes are in place to study and respond to larger trends.**

BOX 14: PNPM Roadmap

The implications of the new legislation on village governments (outlined in Box 13) are also relevant for the consolidation of policies and programs in the PNPM roadmap, which is scheduled for implementation after completion of the current cycle of PNPM programs. Because the village government plays a role in the program's planning mechanisms, **improving the responsiveness and accountability of the village head will reduce the potential for him/her to dominate the development and selection of proposals.**

Specifically for PNPM, the LLI3 findings imply that **low capacity villages need more support and special consideration**, as the data show that participatory programs more often garnered broad input to decisions in high capacity villages. For participatory programs to function better in low capacity villages, more attention is needed to ensure that principles are followed, decisions are made in the interests of a broad swath of villagers, and benefits are broadly shared. Remedies could include a set of specific strategies employed by district facilitators to support the participatory development of viable proposals in such villages. Paradoxically, these strategies may initially involve less intensive participation, to introduce more residents to the idea of joint decision-making where collective action is not customary. For example, while a series of open meetings could be used to generate proposals, subsequent village-wide balloting might instead be used to select among the stated priorities.¹⁰³ While the latter lacks the benefits of debate over village needs, it may open up the choice of priorities to a wider range of villagers (and potentially invest them in the outcome) than would otherwise have been the case in low capacity villages.

In general, program designers should **avoid the creation of program-specific groups**. Funds allocations should **favor groups that demonstrate that they have been in existence for some time** to avoid the impulse to create groups solely to receive program benefits¹⁰⁴ but that lack the rules, social structures, mutual knowledge, and trust that are needed for successful collective action. While more investigation of the LLI data is needed to verify it, there is a possibility that the proliferation of programs that encourage group formation may have contributed to the relative rise in state- over community-sponsored organizations observed between LLI2 and LLI3. Even if that possibility is not borne out by the data, creating more of the former type runs the risk of further crowding out the latter, as villagers are spending decreasing amounts of time in organizational activities.

Similarly, **design programs around existing governance institutions** rather than creating project management structures that may link to, but essentially circumvent, village government or customary governing bodies. The latter have the benefit of avoiding corrupt and incompetent formal village leaders and have provided a training ground for deliberative decision-making, but are a missed opportunity to encourage accountability and transparency of existing institutions.

¹⁰³ Other studies have found support for this modification of PNPM procedures, including a study of marginalized groups (AKATIGA, 2010) and field experiments comparing different selection processes (Olken, 2010).

¹⁰⁴ In the LLI villages, SPP groups formed specifically to receive PNPM loans often failed to repay them, with repercussions for other villagers and for local capacity, due to subsequent sanctions on all villagers and the need to raise funds to repay the defaulted loans (drawing resources from other problem-solving efforts).

Further, at least in some LLI villages, the same elites that dominate village government monopolize the parallel structures set up by PNPM, negating the potential benefit of this model. To thwart elite capture of decision-making, **permanent institutions of countervailing power are needed** (see Box 13), not program-specific parallel systems.

In general, **higher levels of government need to provide better oversight over resource use and village government.** As PNPM-like programs proliferate, districts must correspondingly improve oversight of funds spent, instead of assuming that incorporating PNPM principles avoids the risks of elite domination and diversion of resources. Here, as well, low capacity villages may need special consideration, as they likely lack existing accountability, transparency, and participatory mechanisms. In such settings, fledgling efforts to introduce these principles through PNPM could particularly benefit from complementary monitoring by higher levels of government.

Accountability

As the village head has become a more central actor in accessing resources and responding to problems, the opportunities for prioritizing private gains over collective interests have risen commensurately. The village head office has become an avenue to gaining higher political office, and the resources available at the district level are ample for those village heads able to access them. While the greater prospects of the village head office can benefit villagers if more dynamic and creative candidates are inspired to run for office, they also create the circumstances for a new type of ineffective leader; one whose interests are oriented almost entirely outside the village. To keep these tendencies in check, **policies affecting village administration, programs, and relations to the districts should avoid strengthening the village head's office further** (see Box 13.) It is also important to support village heads that represent a break with the "logic of patronage" (Platteau & Abraham, 2002). Without connections, such leaders are unlikely to be able to respond effectively to problems, with the result that they are quickly voted out. **Instead, districts should provide more straightforward means of accessing the state that do not rely on personal connections, so that all villages can benefit from district resources (see above).**

Because of the rise in the village head's status, one of the main sites for improving accountability must be village government. Presently, there are few state-initiated checks on the actions of the village government – particularly the village head – by villagers, other community-level actors, and higher state agencies. Villagers rely mostly on electoral accountability, replacing ineffective village heads through the ballot box every six years. There is also evidence of very sophisticated use of the political competition brought on by democratization at other levels of government, such as lobbying for help during key points in the electoral cycle, and political rivals acting as



monitors of village head performance (either through formal office, such as the BPD chair, or by bringing misdeeds to light). These changes often enhance capacity, as they mobilize resources and can keep leaders' attention on village concerns. **These findings argue for leaving electoral accountability mechanisms intact, possibly extending them, but certainly not curtailing them.**

At present, even electoral accountability is absent from wards (*kelurahan*). In future years, an increasing number of villages could become wards, especially on Java, where many of the LLI villages show increasing signs of urbanization (Deling, Karya Mukti, Mojo). While some ward heads act in the villagers' interests (Mojo, Waturutu), many are disconnected from the community. **If outright election is not politically feasible, ward residents should at least be provided a mechanism to provide input to the selection of the ward head to increase alignment between leaders' and residents' interests.**

Electoral accountability is, however, a blunt tool. In addition to the long periods of bad leadership that must be suffered until the next election, reliance on electoral accountability often excludes

the poor, who cannot afford vote-buying, and who may be particularly prone to selling their vote, thereby giving up their main means of holding village leaders accountable (Devas & Grant 2003, 310). Higher-capacity communities are able to complement electoral accountability with customary accountability mechanisms (through *adat* structures in Jambi, and the persistence of the BPD as originally envisioned in a few villages on Java), but these are lacking in other communities since the 2004 weakening of the BPD's role. **At the village level, the most promising avenue for improving accountability is to reinstate the BPD as a representative body, rather than a partner to the village government** (see Box 13). As described above, the BPD/1999 appears to have worked well in several of the LLI villages on Java. Notably, a well-functioning BPD does not appear to require prior high problem-solving capacity¹⁰⁵; one of the villages that maintained the original role of the BPD was a low capacity village in LLI2, indicating that the BPD could play an effective role in communities with different pre-existing levels of problem-solving abilities. **Reintroduction of the stronger BPD must be sensitive to other means of accountability where they exist, complementing, rather than replacing, functioning *adat* or other institutions that act as checks on leaders' performance.**¹⁰⁶

To complement accountability mechanisms at the village level, higher level officials need to ensure that program funds are used as intended and that village leaders are performing their duties. Districts generally exercise little control over how village governments spend funds, lacking or ignoring guidelines for monitoring visits and financial reporting. Their track record does not instill particular confidence that the recommended increases in monitoring will be treated any

differently. **It is therefore particularly important that provincial and national officials, in turn, hold district staff to account for the effectiveness of their technical approaches and allocations to citizens and/or areas of greatest need.** Where problem-solving resources are mobilized based on an extractive relationship rather than one based on villagers' rights to demand good performance, experience in other countries shows citizens are rarely able to initiate changes in these patterns. Instead, such efforts often have to come from the state itself (Grindle 2007). **The implication is that districts, provinces, and national agencies must take the initiative to improve accountability through policy changes,** such as enhancing electoral accountability and reinstating the BPD, enforcement of existing monitoring opportunities (fiscal transfers and analysis of performance data (see Brinkerhoff & Wetterberg 2013) and introduction of district systems of incentives and sanction based on levels of responsiveness to local needs. How to interrupt exclusive cycles of patronage and clientelism remains elusive, however, given that current processes for channeling needs and resources continue to be dominated by personal networks and patron-client relations.¹⁰⁷

¹⁰⁵ Capacity here refers to a community's ability to address common problems collectively, not the abilities of the BPD members themselves, who may need training and strengthening of monitoring abilities.

¹⁰⁶ At the same time, *adat* structures must not be assumed to provide accountability (Chapter 4).

¹⁰⁷ Rather than unrealistic goals of eradicating patronage, reformers should consider ways that such networks can be harnessed for more broad-based benefits (Craig & Kimchoeun, 2011; Kitschelt & Wilkinson, 2007).

BOX 15:

Land and resource rights

LLI3 identifies encouraging examples of villages prevailing over corporate actors in disputes over land and resources. These successes are notable indicators of a shift in the broader political environment; in prior LLI rounds, similar conflicts were evident, but villagers' claims were generally steamrolled by powerful companies backed by the military and the central state. Settling such conflict has implications for local capacity. Assets that are clearly under villagers' control can be used as problem-solving resources. Energies previously focused on resolving the asset dispute can be redirected towards addressing other issues. Collaborators in resolving the resource/land conflict (within the village, with village and higher levels of government, and NGOs) may help address other problems, contributing to capacity improvements.

The recent victories are fragile, however, due to a **lack of clarity in land and natural resource regulations**. District designations of *hutan adat/desa* may be superseded by prior licenses assigned to companies by the Forestry Ministry. Legal victories over one plantation owner may open villagers up to new charges due to a conflicting claim by another company.

Encouragingly, recent legislative shifts have further tipped the political balance in favor of communities. In May 2013, the Constitutional Court invalidated the 1999 Forestry Law's classification of customary forests as "state forest areas". As a result, the Forestry Ministry no longer has jurisdiction over customary forests and cannot issue licenses for their use by corporations. President Yudhoyono followed this ruling with a two-year extension of a moratorium on forest-clearing concessions (Witoelar 2013).

In combination, these recent legislative decisions provide a **window of opportunity to safeguard communities' claims to land and resources by clarifying boundaries and ensuring all levels of government enforce them**. National NGOs and international donors need to advocate for swift but rigorous implementation of the Constitutional Court's decision. District-level NGOs should work with local communities to make sure that they are aware of their rights, and to map their claims. National government must also collaborate with district governments to ensure that customary forests are protected by local legislation (Natahadibrata 2013). All actors should contribute to on-going efforts, such as those of the Indigenous Peoples Alliance of the Archipelago (*Aliansi Masyarakat Adat Nusantara*, AMAN)¹⁰⁸ and the Participative Mapping Working Network (*Jaringan Kerja Pemetaan Partisipatif*, JKPP)¹⁰⁹, to focus energies and encourage a unified effort.

Efforts to clarify and reconcile overlapping claims between state and customary land governance systems need to **take into account the perspectives and concerns of different community members**. As Siscawati and Mahaningtyas (2012) show, actors that aim to integrate customary land rights and state-sponsored land use regimes usually work and communicate only with male elites in structuring such arrangements, frequently resulting in women's loss of land and livelihood access.

Clarification of land and forest claims is particularly time sensitive in the face of ambitious,

108 AMAN's request for review prompted the Constitutional Court's decision (Witoelar, 2013).

109 JKPP has worked with indigenous peoples to identify customary forest boundaries, but the mapping has yet to be completed (Natahadibrata, 2013).

large-scale development efforts that are already underway. In particular, implementation of MP3EI (*Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia*, Master Plan for Acceleration and Expansion of Indonesian Economic Development; see Box 16) will require land appropriations that are likely to displace rural villages and infringe on customary forest lands. It is therefore particularly **important that property rights are clarified in advance of MP3EI implementation**. Without rapid resolution there is a "...high risk that the deliberate institutional ambiguity becomes an instrument in the violation of villagers' interests" (Ho 2011, 421 cited in J.F. McCarthy, Vel, & Afiff 2012, 527).



Conflict resolution

In addition to increasing district responsiveness and enhancing accountability, finding effective mechanisms for resolving and avoiding conflicts could enhance capacity. Political conflicts between elites, local disputes over land, and overlapping resource claims with external actors impede solutions to villagers' problems. While some political rivalry and resource competition is unavoidable (and may even occasionally enhance capacity), many conflicts undermine collaboration, close off readily available solutions, or jeopardize the sustainability of results, making it likely that the same problem will re-emerge. Below we point to three important areas where conflicts should be mediated.

First, it must be recognized that accountability mechanisms, by definition, involve a potentially conflictive element. This was a complaint against the BPD/1999 used to justify the shift towards the more submissive 2004 model. It is thus **critical to anticipate resistance to policy changes that increase accountability by specifying means through which conflicts may be resolved** (see Box 13).

Second, as others have suggested, **resource transfers through short-term projects and longer term programs need to integrate conflict resolution mechanisms** (Barron et al. 2011). These should address inter-elite conflicts and other intra-/inter-village divisions that are exacerbated by projects. They should further encompass conflicts that stand in the way of solutions to villager-identified problems (such as inability to acquire land for several needed infrastructure projects in NTT).

Finally, **the conflicting authority over citizen-controlled forests in Jambi and continuing land disputes in some parts of NTT point to the need for clarification of land/resource rights** (between levels of government and between state and non-state actors). Without a consistent set of laws governing land rights, the gains made by villages in Jambi could be quickly erased with shifts in political preferences in favor of corporations (see Boxes 14 and 15). Further, it would be timely to investigate the development of equitable mechanisms for clarifying contradictory systems of resource governance, which have been the source of conflicts in all three LLI studies.

BOX 16: MP3EI & MP3KI

The MP3EI (*Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia*, Master Plan for Acceleration and Expansion of Indonesian Economic Development) was instituted in May 2011 to elevate Indonesia to one of the world's top 12 economies by 2025. To date MP3EI efforts have focused on "debottlenecking" (removing regulations unfriendly to investment) and infrastructure investment, with 84 projects valued at IDR 536 trillion targeted for groundbreaking in 2012 (Caruko 2012).

The massive infrastructure investments along six growth corridors that are planned under MP3EI **underscore the urgency to clarify customary land claims** (Box 15). Further, MP3EI projects must feature improved **attention to informing villagers of plans, as well as equitable resettlement and effective dispute resolution**, to ensure that villagers' rights are respected and that projects benefit local communities. In the LLI villages, these types of large-scale infrastructure projects were often plagued by delays (or complete derailment), in part due to lack of information and benefit for villagers. For example, in one NTT village, an irrigation scheme started in 2008 had to be shifted from its original location as there were no funds to compensate landowners. Residents at the new location were not provided any information by higher levels of government but worked with the village government to protest plans once they were underway. By 2012, negotiations between the district and village governments had arrived at ten points of discussion but no further resolution was in sight. The project was halted after three-quarters of the total funds had been spent, and the remainder re-allocated to other government priorities. Also in NTT, three of four villages reported delays in PNPM infrastructure projects due to difficulties in gaining title to needed land.

National government's increased need to acquire land for MP3EI infrastructure projects has the potential to undermine capacity in at least two ways. First, appropriation of villagers' lands will directly reduce assets available to respond to local problems. Second, intra-village conflict may emerge over distribution over any compensation. To preserve capacity, it is therefore **important that resettlement and compensation schemes not only ensure benefits to the community broadly defined, but that efforts are made to ensure that benefits are distributed within the village in ways that residents agree is equitable** (Arandel & Wetterberg 2013). Unless the latter dimension is addressed, internal conflict is likely to increase, undermining abilities to collaborate effectively to solve local problems.

The MP3KI (*Masterplan Percepatan dan Perluasan Pengurangan Kemiskinan di Indonesia*, Master Plan for Acceleration and Expansion of Indonesian Poverty Alleviation) was instituted after MP3EI and aims to reduce poverty to 4% by 2025. Some of the key elements of the plan include:

Participatory planning: Based on the LLI findings, **broader implementation of participatory principles and novel mechanisms are needed**, as levels of participation appear to be declining in the current portfolio of programs reported by LLI villagers.

Improving access to job and market opportunities: To the extent that these efforts involve training programs, examples from LLI villages underscore the need to **tie skills/outputs directly to market channels**. A number of training programs identified by LLI villagers lacked clear opportunities to apply new skills and were perceived as a source of frustration, rather than a means of addressing problems with underdeveloped local job markets.

One common problem identified by villagers is fluctuation in output prices, but it is one that no LLI village was successfully able to address. Small farmers face multiple sources of risk, among them uncertainty over global commodity prices, which drive their livelihood choices but are beyond their control (Rachman 2013). As part of MP3KI, national government could experiment with policies to **dampen impact of inevitable price fluctuations** to protect smallholders and help villages address the overwhelming scope of this problem. Further, local governments could **develop alternative marketing channels that break up regional buyer monopolies** as a means of helping smallholders capture a larger portion of the sales price for their output, which could be saved to safeguard against future price shocks.

Shifting implementation to local governments: As is detailed in Chapter 7, local governments have, as a rule, not yet shifted away from an input-oriented model of program delivery. Awareness of local needs, receptivity to villager input, and monitoring of outcomes are generally very low among district officials. The designers of MP3KI must work with, and provide **incentives for, local officials to ensure that progress towards poverty alleviation goals is made and to shift course if it is not**.

SYNERGY?

In closing, we return to the fundamental assumption of the LLI studies: that state and community actors can and should enhance local problem-solving through mutually reinforcing efforts. With the massive caveat of ample local variation, as detailed throughout the preceding pages of this report, we conclude that **fragile gains in synergy have been made.**

In LLI1, the state dominated community life but was simultaneously disconnected from it, with high capacity villages circumventing government in their problem-solving efforts. During the turbulent times of LLI2, we saw reactions against the earlier heavy-handed state involvement, in protests and election of some reformist candidates. By LLI3, villagers and their leaders face an environment with more readily accessible state resources, some beneficial shifts in the broader political economy, and empowerment of the office of the village head, to which a more inclusive range of candidates have been elected. These changes, largely attributable to national policy shifts, hold the potential for greater synergy.

Synergy becomes a reality, however, only in higher capacity villages that can put pressure on the village head to work in the interest of the community, rather than furthering his personal fortunes. In this sense, synergy is not a result of state policies, but of villagers' own efforts. In fact, state policy and practice may be moving in the opposite direction,¹¹⁰ providing more room for village heads to work for their own benefit. Because institutional levers to consistently produce such outcomes are absent, lower capacity villages continue to experience disconnects between their problem-solving efforts and state activities.

While they persist, the basis of disconnects have changed. In the past, village government operated independently of the community because leaders represented the national state, rather than the villagers. Current village heads are no longer beholden to higher levels of government, but instead are often motivated primarily by their own interests or those of local elites that support them. The terms of state-society relations have undoubtedly changed, however, as even lower capacity villages can (and do) intermittently exercise electoral accountability against unresponsive leaders.

Many of the shifts over the past decade support greater synergy, but without on-going local accountability structures, there is a persistent risk of a shift back to state dominance of community life in many communities, albeit on different terms than during the New Order. Among the LLI villages, we see a strong re-emergence of the state in formal organizations in Central Java, which also has the greatest concentration of village heads that are less responsive than their predecessors. Villages in this province also show the greatest declines in local capacity. These patterns converge in a worrying trend of poor governance outcomes and unsuccessful local problem-solving.

¹¹⁰ Through the reversal of the role of the BPD; lack of monitoring of funds, programs, and village head performance; and increasing fund allocations without controls.

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