**Choice, participation, and transparency in Indonesian villages**

A new generation of community development projects in Indonesia illustrates many of the key elements of effective services. The projects transfer resources directly to local control, allowing a local decisionmaking body to choose among proposals from community groups. The three principles are: choice, participation, and transparency.

**Pastoral scene—or chaotic mess**

Indonesia in the New Order era of Soeharto (1967–98) has been compared to a French Impressionist painting: viewed from a distance, a beautiful pastoral scene, but viewed closely, a chaotic mess.

The government launched top-down “blueprint” development programs in fertility, health, schooling, and poverty reduction—implemented by a reasonably functional and capable bureaucracy. Viewed in the aggregate, the results were spectacular. Gross domestic product per capita grew at more than 5 percent a year. Poverty fell from nearly half the population in the 1970s to 11 percent in 1997. Infant mortality fell, fertility fell, and schooling rose dramatically.

The 1979 law establishing village governments was state of the art—on paper. With the goals of “decentralization” and “bottom-up” planning, the law established locally chosen village heads accountable to a village council. The budget planning process incorporated village-level meetings to elicit bottom-up inputs into budget priorities.

But the reality of village leadership was different. Creating multifunctional village administrative structures imposed order and uniformity at odds with existing social structures, ignoring organizations with specific functions (water) and traditional leadership (adat). Many villages had dynamic leaders, but many others had leaders chosen essentially by the regional (province or district) government, which had veto power over candidates. The village head was accountable to a council, but he also headed the council and chose many of its members. Most village heads were accountable upward—to regional governments—and not to the villagers. The bottom-up planning never really functioned: one analysis of 770 village proposals found that, at most, 3 percent were included in district budgets.

Empirical results from a recent survey in 48 rural villages suggest that the government-driven organizations did not make village governance more responsive. Those who reported participating in the government-organized village groups reported being more likely to have spoken out about village problems and to have done so effectively. But this impact, by crowding out the voice of others in the village, appears to have been negative overall.

The problems with local governance were obvious in projects. The first-generation poverty alleviation programs—block grants to poor communities, under the IDT (Impres Desa Tertinggal)—used existing village structures and were judged to have had very little impact, in quantity or quality. A study of all projects in villages—including those initiated by villages on their own—found that village-initiated projects were much more likely to have sustained benefits than government-initiated projects (figure 1).

The next generation of more participatory projects—two rounds of village infrastructure projects and water supply and sanitation projects—showed that greater community engagement could have real payoffs. Water projects designed to incorporate participation had much lower failure rates than conventional projects. And the costs of the village infrastructure projects were 30 to 50 percent lower than costs in projects using government construction.

**Scaling up with simplicity and trust**

The financial and political crises that began in 1997 opened a window for action. Projects were desperately needed to help rural areas quickly. An improved design for community projects—based on the lessons of block grants under the IDT and infrastructure investments under village infrastructure projects—was being piloted. It included open menus and more emphasis on community participation and decisionmaking. The crisis also created an opportunity to act on issues of transparency, local accountability, and corruption.

The new Kecamatan Development Program (KDP) provides block grants to eligible subdistricts—or kecamatan, an administrative unit that includes roughly 10 to 20 villages and roughly 30,000 people, though its size varies enormously. Each subdistrict uses the funds to finance community proposals from the villages for small-scale public goods (roads, wells, bridges) or economic activities. Making the decisions about which proposals to fund is a subdistrict forum, including village delegations.

The KDP’s design was based on simplicity, participation, self-reliance, transparency, and trust. These principles may sound platitudinous, but they pushed the design envelope in several directions.

- **Simplicity** meant that funds were released directly to communities, eliminating one role for regional (district and provincial) governments.
- **Participation** was encouraged, and locally chosen village and subdistrict facilitators helped groups to prepare proposals and encouraged the dissemination of information.
- **Self-reliance** reversed the usual dependence of villagers on technical staff from ministries and government, permitting villagers to hire the engineers and other technical help.
Transparency meant that all financial information was publicly available, and detailed information about the use of the funds was available in each village in simple and easy-to-understand formats.

Trust made it possible to move from complicated formal accounting systems for releasing funds to disbursement systems that rely on minimal documentation—but with built-in checks and oversight.

The project has so far been an implementation success, scaled up from 40 villages in 1998 to more than 15,000 in 2002. It has moved into another cycle and been replicated in urban areas. Evaluation efforts, including an innovative attempt to directly measure the impact on corruption, are examining whether the KDP has improved project performance.

This is not to suggest that the KDP is free from flaws—it is a transitional project in a transitional situation, embedded in existing institutions. There have been problems of corruption and poor technical quality, and problems of local leaders “guiding” the participatory decisionmaking. But the KDP does give villagers the structured mechanisms of decisionmaking and transparency. It also gives them recourse to force the issue of better governance. Corrupt officials have been sued. Money has been recovered. Decisions have been reversed.

Two lingering issues: First, is the KDP an idiosyncratic product of its particular time and place—or a model that can be replicated elsewhere? That versions of it are being launched in Afghanistan and the Philippines (and perhaps elsewhere) suggests the latter. But whether it will “work” in those places is still an open question. Perhaps the principles can be implemented with the design adapted to local circumstances.

Second, are large external agencies (like the World Bank) really capable of supporting “big-time small development” projects? Perhaps yes, perhaps no. Some argue that external agencies have no mandate or expertise for engaging in local governance. And preserving the traditional exclusive link of external agencies to formal public provider organizations may make them incapable of contributing to the creation of needed local accountabilities.

This or that? Three strategic choices
Community-driven development projects such as the KDP raise three strategic choices relevant to the design of service delivery.

Narrow or sharp targeting. Community funds, it is often alleged, are captured by “elites” and will not be well targeted to the poor. The KDP shows that the poor do benefit, but it is difficult to reach the poorest of the poor or to change deeply held social prejudices simply by project design (despite, for example, KDP mechanisms to enhance women’s voice). Few large programs have shown greater ability to target the poor, and the very narrowly targeted programs would not elicit engagement and support.

Technical or participatory projects and service. Technical staff of the government (and of many donor agencies) are leery of community-driven project design because it can undermine technical quality. Given the choice of a participatory bridge or an engineered bridge, most people would cross the engineered bridge. The question is how to create a well-engineered bridge that responds to community needs. Other services try to balance community control and technical quality: participation in health care does not mean that medical science can be replaced. Should KDP-like mechanisms be expanded with improved links to technical providers? Or should technical providers be strengthened and the “participatory” role be channeled not into direct control and decisionmaking but into electing local officials?

Local or regional governments. Regional governments often complain that moving resources directly to communities undermines their authority, slowing the capacity building needed for formal governance and democracy. Proponents of community development respond that deep democracy depends on the kinds of transparency, decisionmaking, open debate, and accountability that community projects build. Decentralizing decisions about budgets and programs to the provincial level—when people have not developed traditions and institutions of civic decisionmaking at the local level (or have had them suppressed)—is risky business. In a transitional environment, periodic elections alone are unlikely to be sufficient for public accountability. The development of nonelectoral mechanisms of public accountability (transparency, legal recourse, direct participation) is key.