

# Chapter 11

## Recent Government Policies of Poverty Reduction: KDP, UPP and PNPM



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*PNPM represents to a large extent a “laboratory” that offers lessons and innovative practices on community planning, capacity building, and targeting more and marginalised groups*  
World Bank (2011)

### 11.1 Indonesia’s Poverty Reduction Policies

Following the global financial crises of 1997–1998 which particularly affected the poor and low-income families in the developing countries, many development planners and experts have directed their attention to the subject of poverty reduction on a worldwide scale. Much interest has been shown in the development of new approaches of assessing the impact of socio-economic policy interventions (cf. Chap. 7). The failure of the previous ‘top-down’ approaches to achieve poverty reduction has also inspired many scientists to pay more attention to the empowerment of local peoples and communities to participate in development. The impact of the above-mentioned financial crises made it clear that after a prolonged experience with overall disappointing community development programmes, largely implemented through ‘top-down’ strategies, alternative approaches were needed to achieve a true reduction of poverty among the poor in an effort to attain genuine, sustainable development in the near future.

Linking up with the experience of various forms of community development which have been initiated over the past decades, such as *Integrated Rural*

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*Development (IRD)*, *Community Learning and Development (CLD)* and *Community Capacity Building (CCB)*, new approaches of *Community-Driven Community Development (CDCD)* have been developed to give more power to local decision-making processes and control over local resources management to indigenous peoples and communities with a view to increasing peoples' participation in sustainable development. As mentioned before, neo-ethnoscience, including Warren et al. (1995) have amply illustrated that embarking on the integration of indigenous knowledge systems as the expression of the cultural dimension of development in various settings promotes local participation as a major prerequisite for attaining sustainable development, which, in turn, is intimately interrelated with community-based poverty reduction (cf. Warren et al. 1995; Alkire et al. 2001; Platteau 2004; Asian Development Bank 2006).

The following paradigm shift not only evoked a growing interest in indigenous knowledge systems within the context of development and change, but also provided the basis for the implementation of related community-level decision-making processes; follow-up research has later been conducted to include the closely related indigenous institutions, and the role these could play in 'bottom-up' sustainable development policies and programmes. By consequence, the new community-based approaches have further been elaborated in advanced training in newly-developing fields of *Integrated Microfinance Management (IMM)* and *Integrated Community-Managed Development (ICMD)*.

The impact of the severe monetary crisis in 1997–1998 in Indonesia has also reinforced the notion that the 'top-down' approach of development has failed to reach equal distribution of goods and services as well as well-being for the entire population (cf. Palumbo et al. 1984; Matland 1995).

Although the overall economic growth in Indonesia showed positive figures in the decades before the crisis, the country's poverty rates however tend to remain rather high, posing a continuing challenge to the central government. By using the Indonesian measurement of the poverty line, which was calculated in 2013 at 211,726 Rupiah per month—equal to \$16 per month or \$0.45 per day, which is far below the World Bank's recent indicator of the poverty line of \$1.90 per day—the number of people who are still suffering from poverty is reaching 30 million inhabitants or 13.3% of the population in 2014. The poverty rate initially declined by 1% annually from 2007 to 2011 and since 2012, poverty has declined by an average of only 0.3% points per year. The World Bank (2015) asserts that: "Approximately 40% of the entire population remain vulnerable to falling into poverty, as their income hovers marginally above the national poverty line" (cf. Neraca 2011; Bappenas 2013; World Bank 2015).

In addition to the measurement of the low income of the poor, the disparities between the rich and the poor of the country are also considered rather high after the crisis of 1997–1998. According to the World Bank (2015), Indonesia's Gini coefficient—a measure of inequality—of 0.40 is higher than any of its neighbouring countries, as about 1% of the wealthy people own about 28% of the total Indonesian wealth, leaving behind the remaining 72% of the population, *i.e.* approximately 185.5 million people.

As in the case of poverty reduction, the ‘top-down’ approach has also failed to decrease the disparities between the rich and the poor in Indonesia, rendering the need for an alternative approach in this area as similarly urgent. As a result of these negative aspects of the socio-economic situation, the Government of Indonesia eventually also decided to change its policies with the ‘bottom-up’ approach which incorporates community participation in development (cf. Davies 2008; Winters 2011; Budiantoro 2011; Latifah 2011). The timely adoption of the ‘Bali Promise’ of the *World Culture Forum* (2013) calls for a measurable and effective role, as well as the integration of culture in development at all levels in the Post-2015 Development Agenda of the United Nations to contribute to the improvement of the situation of the poor in Indonesia.

Thus, after the global financial crisis, during the era of President Gusdur and Vice-President Megawati, the government made an effort to empower rural communities in order to tackle the problem of poverty in an integrated and sustainable manner by the introduction in 1998/1999 of a national programme implemented at the community level.

As a modification of past poverty reduction programmes, such as the *Underdeveloped Village Inpres* (IDT) and the *Disadvantaged Village Support Infrastructure Development Assistance* (P3DT), the new programme encompassed the *Program Pengembangan Kecamatan* (‘Kecamatan Development Programme’) (KDP) focusing on community development in the rural areas, and the *Program Penanggulangan Kemiskinan di Perkotaan* (‘Urban Poverty Programme’) (UPP) focusing on community development in the urban areas. Both programmes, funded by the World Bank (2015) in the form of a soft loan to the Government of Indonesia, have been designed to alleviate poverty by empowering the community and promoting participation in development.

## 11.2 *Kecamatan* as the Administrative Unit for Community Development

Indonesia is a large country in which the administrative organisation is divided into 34 provinces, 508 districts, 6694 sub-districts, and 77,465 villages. During the ‘New Order’, when the number of provinces was only 27, development was implemented from the top by the central government in the capital of Jakarta. Provinces (*Propinsi*), Districts (*Kota/Kabupaten*), Sub-Districts (*Kecamatan*), and Villages (*Kelurahan/Desa/Kampung*) were basically subjected to the plans and policies of the central government. The administrative structure had been designed to ensure that the government policies would be executed throughout the country in an effective manner.

During the period of time of the ‘New Order’, the implementation of Law No. 5/1979, known as the *Village Government Law*, required the nearly 67,000 *Desa* (‘Villages’) to adopt a uniform system of government. The *Kepala Desa*

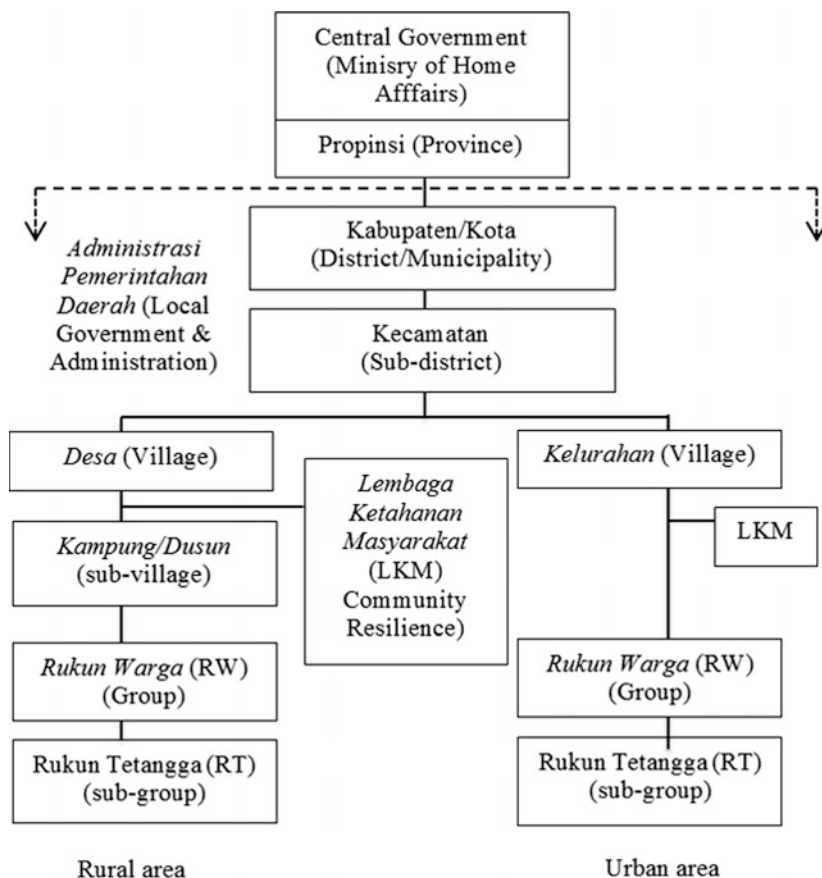
(‘Village Head’) became a civil servant in the national government, assisted by the *Lurah* (‘Village Secretary’) and some *Kepala Urusan* (‘Section Chiefs’). The law also assigned the establishment of the *Lembaga Musyawarah Desa* (‘Village Consultative Council’) (LMD) and the *Lembaga Ketahanan Masyarakat Desa* (‘Village Community Resilience Council’) (LKMD), whose tasks were later in 1981 and 1984 extended with a mission to activate community participation to carry out development in a coordinated way.

Soon, however, domestic and international NGOs started to criticise Indonesia’s *Village Government Law* as a dangerous homogenising policy which undermined the traditional institutions of the indigenous socio-cultural groups throughout the country, and in particular their indigenous resources management systems which had developed over many generations on the basis of unique traditional environmental knowledge (TEK). As Lindsey (2008) asserts: “*The ‘one-size-fits-all’ Village Government Law shunted aside these time-tested structures and institutions, replacing them with a new culture of government that was accountable not to local communities and livelihoods, but to political rulers in far-off Jakarta*”. Soon, it became clear that most *adat* functionaries did not meet the legal criteria to serve as *Kepala Adat* in terms of age, education, literacy, knowledge of the national law etc., allowing only some of them to take up such a position temporarily. Notwithstanding, the position of *Kepala Desa* became much desired, as it enabled diverting village development funds for personal and family gain, and monopolising and expropriating village-owned territory and resources (cf. Lindsey 2008).

Figure 11.1 shows the organisational structure in Indonesia, in which the *Kecamatan* represents the local government in the implementation of the national community development programmes (cf. Indonesian Law No. 21/2001; No. 6/2014; No. 23/2014; No. 47/2016). In the Indonesian development policy, the concept of a ‘local community’ refers to the components of the administrative structure which encompasses the level of the *Kota* (‘Municipality’)/*Kabupaten* (‘District’) down to the lowest level of the *Rukun Tetangga* (‘Household Group’). In this structure, the *Kecamatan* is the sub-district which coordinates the development of the villages and is responsible for reporting to the level of the *Kota/Kabupaten* of government. So when the government started to launch the community development policy, its approach to community empowerment was based on the local administrative level which had direct connections with the central government.

The renewed development approach, however, proved rather insufficient, largely because the indigenous concept of local communities was not taken properly into account in the related development projects and programmes. In particular, the *Lembaga Adat* (‘Traditional Institution’) and its indigenous structures prevailing among most ethno-cultural groups were not completely accommodated in the community approach of the central government.

There are some areas in Indonesia which have been granted the privilege to become a special area with freedom to implement their own culture, such as Aceh and Yogyakarta, which received the status of *Daerah Istimewa* (‘Special Area’).



**Fig. 11.1** Schematic representation of the local administration in Indonesia. *Source* Adapted from Indonesian Law No. 21/2001, Law No. 6/2014, Law No. 23/2014, and Law No. 47/2016

They could develop their area by integrating their cultural views with their development policies. However, most geographic areas in Indonesia do not enjoy such a special privilege. In this context, the cultural diversities have not yet been accommodated in the development plans and policies of Indonesia. However, the implementation of the local administrative structure according to Fang (2006) happened for three reasons: (1) earlier research by the *Program Pengembangan Kecamatan* (PPK) ('Kecamatan Development Programme' (KDP)) had revealed that poverty tends to be homogenous at the sub-district level; (2) early successful Village Infrastructure Projects (VIP) suggest a similar approach; and (3) *Kecamatan* showed good coordination with the villages and the bureaucracy was considered smooth (cf. Sirait 2000; Fang 2006; Mulyono 2014).

### 11.3 Program Pengembangan Kecamatan (Kecamatan Development Programme)

The *Program Pengembangan Kecamatan* (PPK) ('Kecamatan Development Programme') (KDP) refers to a development programme by the Government of Indonesia to alleviate poverty after the monetary crisis of 1997, particularly in the rural areas of the country. The programme had been designed to empower communities to participate in the development process, which had not been realised in the 'New Order' when President Soeharto was in power. While during the 'New Order', all development policies were decided by the central government, PPK which had started the first phase as a three-year programme in August 1998 began to accommodate the 'bottom-up' approach of development. It stimulated the people in the communities to identify their own development problems and to come up with a proposal for improvement, using the local government structure as shown in Fig. 11.1. PPK was targeted at the poorest *Kecamatan* ('sub-district') in Indonesia. It aimed to foster a 'bottom-up' approach of development and participatory forms of local governance by strengthening the *Kecamatan*, including village capacities and improving community participation in development. Local communities at the village level can prepare any development proposal which is then submitted to the *Kecamatan*. All the proposals from the *Kecamatan* level will then be submitted to the central government, under the coordination of the district and provincial levels of administration. The Government of Indonesia will support *Kecamatan* projects ranging from 500 million to 1 billion Rupiah, which is about \$43,000–\$125,000 per year, depending on the type of programme as well as on the size of the *Kecamatan*. All proposed PPK projects were aimed at empowering the villagers to make their own choices about development projects which they need and want (cf. PSF 2002).

The PPK has been implemented under the Directorate of Community Development of the Ministry of Home Affairs. The Directorate coordinated the PPK together with the teams of facilitators and consultants from the village level to the national levels, and provided some technical support and training. At the village level, a 'Village Facilitator' was selected in a public forum by the local community to coordinate the programme. Project decisions were made locally and the 'Village Committees' were responsible for procurement, financial management, project implementation and oversight. The projects on infrastructure used local building materials, suppliers and labourers. Indonesian civil society organisations such as the 'Association of Journalists' and NGOs based in the provinces have been providing independent monitoring for the PPK, which had started in 1998 during a period of great political and economic turmoil. After three years of its operation, the PPK had reached a coverage of 4048 *Kecamatan* and 69,168 *Desa* (Table 11.1).

From all the sectors' coverage, around 73% was allocated to infrastructure, including roads, bridges, water, sanitation facilities, *i.a.*, while about 27% was allocated to the economic sector and other sectors, including agriculture and fisheries (cf. Table 11.2). Over 7000 roads were built, which covered 10,800 km. About 2170 bridges, 2370 water supply and sanitation units and 3200 irrigation

**Table 11.1** Coverage of the *Program Pengembangan Kecamatan* (Kecamatan Development Programme)

Year one of KDP (1998–1999)	Year Two (1999–2000)	Year Three (2001–2002)	Total in Indonesia
20 provinces	20 provinces	22 provinces	32 provinces
105 districts	116 districts	130 districts	341 districts
501 <i>kecamatan</i>	727 <i>kecamatan</i>	984 <i>kecamatan</i>	4048 <i>kecamatan</i>
3542 <i>desa</i>	1325 <i>desa</i>	15,481 <i>desa</i>	69,168 <i>desa</i>

Source Wong (2003)

**Table 11.2** Sectors Allocated by the *Program Pengembangan Kecamatan* (Kecamatan Development Programme) (Years 1 & 2)

Sectors allocated by KDP	Percentage of allocation (%)	Type of sector
Roads	43.0	Infrastructure
Bridges	6.8	Infrastructure
Water	8.2	Infrastructure
Irrigation/drainage	7.3	Infrastructure
Sanitation facilities	1.4	Infrastructure
Markets	1.4	Economy
Trading	5.0	Economy
Animal husbandry	6.1	Agriculture
Loans & savings	11.5	Economy
Plantation	2.9	Agriculture
Fisheries	1.6	Fisheries
Other infrastructure	4.8	Infrastructure
Total allocation	100.0	

Source Adapted from the PNPM Support Facility (2002)

schemes were also executed by the PPK (cf. PNPM Support Facility 2002). Although the first phase (1998–2001) of the PPK was evaluated as not successful in terms of empowering local people to participate in development policies and programmes, the successful coverage of the programme encouraged the government to continue it.

*Second Phase of the Kecamatan Development Programme (PKK) (2002–2005)*

The second phase of the PKK was implemented for four years from 2002 to 2005. The World Bank provided more soft loans to the Government of Indonesia with an additional USD 320.8 million to implement the second phase of the PKK whose objective was to accelerate poverty alleviation in order for communities to reach self-independence by improving the capacity building of the local people and strengthening local institutions, both within the villages as well as between villages. Furthermore, the programme supported a broad construction programme of social

and economic infrastructure in accordance with the development needs of the villagers.

The specific objectives of the second phase of the PKK (KDP-2) (2002–2005) are as follows:

1. to improve community participation in the development of the decision-making process for planning, implementation, monitoring and sustainability;
2. to improve the role of women in the development of the decision-making process;
3. to make efficient use of local resources and create potential for development;
4. to support participatory planning and development management in the villages; and
5. to provide support in economic, education and/or health infrastructure based upon community self-identified needs.

*Evaluation*

While the initial motive was to increase equality in development, the PKK can be considered as rather successful in reaching its target. However, it has also been reported that the successful coverage was largely determined by a form of one-way communication and a ‘top-down’ approach. The local participation which was meant to be reached by the PKK had failed to be realised. The implementation of a ‘bottom-up’ approach had also failed. Many cases have been reported in which the proposal for a development project had not been designed by the local people at the village level, but rather by the coordinator at the *kecamatan* level, where in many cases even the decisions on the development sector had been taken.

Almost a thousand complaints were made on the violation of the procedure of the PKK, while more than 700 cases concerned the misuse of funds, all complaints totalling to almost 2000 during the first phase of the operations of the PKK. As shown in Fig. 11.2, the implementation of the PKK was only successful in 1999

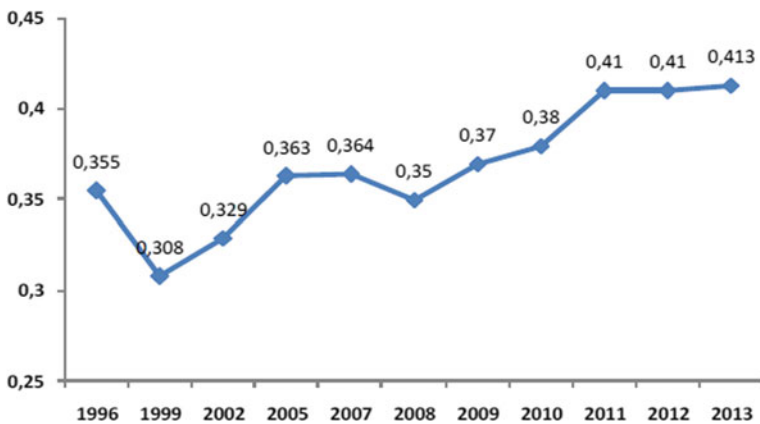


Fig. 11.2 Progress of the Gini coefficient in Indonesia 1996–2013. Source Bappenas (2013)



with a decrease of the Gini coefficient to 0.308. However, the Gini coefficient increased again to 0.329 in 2002 when the first phase of the PKK ended.

The second phase of both the PKK (KDP-2) and the *Program Penanggulangan Kemiskinan di Perkotaan* (P2KP) ('Urban Poverty Programme') were implemented from 2002 to 2005. However, as indicated in Fig. 11.2, the disparities increased, as illustrated by the increased Gini coefficients, *i.e.* from 0.329 through 0.363 to 0.364.

Although the second KDP-2 and the P2KP were not as yet successful in decreasing the disparities, they continued under President Susilo Bambang Yudhoyono, albeit with an adaptation in the name. Then, the government launched a similar empowerment programme, named *Program Nasional Pemberdayaan Masyarakat (PNPM) Mandiri* or *PNPM Mandiri* ('National Programme for Community Empowerment') which focused on the implementation of the 'bottom-up' approach, but still with 'top-down' support by the government. The programme adapted the approaches of the PKK and the P2KP, and used the administrative structure of the *Kecamatan* ('Sub-District') and *Kelurahan/Desa* ('Village') as the basis for the community development approach. The programme which was also funded by the World Bank sought to involve people at these two levels to accommodate both the 'bottom-up' approach and participation in development.

Although the decrease in the above-mentioned disparity was a major target of the PKK, Fig. 11.2 shows—as mentioned above—that the Gini coefficient increased again, highlighting that the programme remained unsuccessful in terms of realising its objective to decrease the income gap of the people (cf. Wong 2003; Bappenas 2013).

#### **11.4 *Program Penanggulangan Kemiskinan di Perkotaan* (P2KP) ('Urban Poverty Programme') (UPP)**

The *Program Penanggulangan Kemiskinan di Perkotaan* (P2KP) ('Urban Poverty Programme', UPP) is a similar programme to the PKK, which focused on the urban areas for its implementation. Unlike the PKK which fell under the responsibility of the Ministry of Home Affairs, the P2KP fell under the management of the Ministry of General Affairs (*Kementrian PU*). It was based on a soft loan from the World Bank where USD 112 million was made available in the first phase of the programme and USD 126 million for the second phase. As indicated by the World Bank (2005), the initial development objective of the P2KP was described as follows:

Through a bottom-up and transparent approach, the project seeks to improve basic infrastructure in poor urban neighborhoods and to promote sustainable income generation for its poor urban residents who are mostly long-term poor, have incomes eroded by high inflation, or lost sources of income in the economic downturn. Also, the project seeks to strengthen the capability of local agencies to assist poor communities.

As regards its coverage, the P2KP has covered 2621 *Kelurahan* ('Villages') from 2800 project targets in five provinces of Northern Java. These *kelurahan* covered about 7.8 million households or 31.2 million people. About 3.9 million households benefitted directly and indirectly from the P2KP. In the first phase, the project covered about 55% of poor beneficiaries (defined by a household earning less than 250,000 rupiah per month). In the second phase of the project, about 80% of poor beneficiaries could be covered. The project involved 12,000 facilitators where 9271 volunteers were trained to implement the project. In terms of gender equality, about 38% of beneficiaries were women. In terms of the project's allocation, in general, the P2KP has distributed funds for micro- and SME-enterprises in the form of microcredit (30%), other social services (18%), sub-national government administration (18%), the general industry and trade sector (17%) and housing construction (17%).

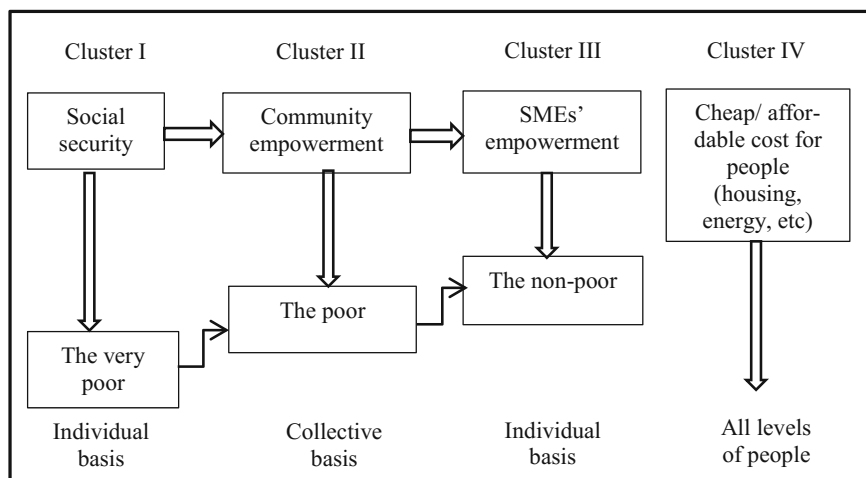
In terms of reaching the poorest of the poor, the P2KP seems unsuccessful in reaching this group in the community. According to the Report, the volunteers and consultants preferred to lend the money to the economically active poor and micro-enterprises rather than the poorest of the poor, due to the risks that the project had to face. Only in the second phase did the P2KP allocate funds to support the poorest of the poor in order to enable them to meet their basic needs. The Report by Bappenas (2008) reveals that in terms of the physical infrastructure, the project can be considered successful in the implementation of the P2KP. However, in terms of the budget allocation to the socio-economic infrastructure, several critical remarks can be made on its implementation:

- In terms of economic support, the P2KP has supported the communities by providing them with credit to manage their micro-enterprises. However, there emerged problems with the repayment, where many clients could not repay their loans, largely because of the lack of social capital for the people in the communities;
- In terms of social and educational support, the allocated budget supported the accessibility of people to education in terms of buying uniforms, books, and other products; and
- Most of the people still need to be guided and facilitated by the consultants and facilitators. The idea of a 'bottom-up' approach was not completely implemented as the involvement of the local people remained insufficient (cf. World Bank 2005; Bappenas 2008).

## 11.5 PNPM-Mandiri: The Shift from Community

### Economic Empowerment

Following the Community-Driven Development (CDD) programmes of the PKK and the P2KP, the Government of Indonesia decided to continue both programmes with an adaptation of their names (Fig. 11.3).



**Fig. 11.3** Four clusters of the national programme for poverty alleviation ('PNPM Mandiri')  
 Source Adapted from Agus (2013)

In April 2007 the *Program Nasional Pemberdayaan Masyarakat* ('PNPM Mandiri') was launched with two main programmes: *PNPM Perkotaan* ('Urban PNPM') and *PNPM Perdesaan* ('Rural PNPM'). In this way, *PNPM Mandiri* evolved from its establishment in 2007 to its implementation in the following years, where initially, two programmes were implemented: *PNPM Perdesaan* ('Rural PNPM Mandiri') for rural areas and *PNPM Perkotaan* ('PNPM Mandiri') for urban areas.

Since 2008, both programmes expanded to focus on a number of specific target sectors and groups of people including the *PNPM-Peduli* ('Care-PNPM'), to reach the vulnerable and marginalised groups of the population, including the victims of trafficking, prostitution, orphanages, HIV/AIDS, etc. (cf. Bappenas 2013).

### 11.5.1 The Operation of PNPM-Mandiri

The new *Program Nasional Pemberdayaan Masyarakat* adapted the Community-Driven Development approach with the support of the existing administrative structure of local governance in its implementation, as previously described. PNPM Mandiri became a part of the *National Programme for Poverty Alleviation*. The main objective of this national programme was to improve the well-being of the poor and provide job opportunities for them. Specifically, the programme aimed at: (1) increasing community participation in development, especially by the poor people; (2) increasing the capacity building of the people and the local government to improve their ability to put poverty alleviation into practice; (3) building a synergic network in poverty alleviation; and (4) strengthening social capital innovation for community empowerment and poverty alleviation (cf. Bappenas 2013).

Any PNPM Mandiri project, implemented at the community level, is based on a proposal submitted by the *Kelurahan/Desa* ('Local Community') to the *Kecamatan* ('Sub-District'). In the villages, there is one trained facilitator whose task is to coordinate and integrate local people and institutions in order to prepare the local initiatives and projects, based on the needs of the local people, varying from economic needs to infrastructure. The local initiatives include not only the kind of development project which will be proposed, but also the way in which the project will be executed, and who will provide the resources for the project. In most cases, the resources are a combination of local sources in the form of a donation from the people themselves and a subsidy from the central government. The submitted proposals are brought to the district and provincial levels where approval will be made. The central government, supported by a specific investment loan from the World Bank, allocates specific funds every year for each province on the basis of the priorities and submitted project proposals. As an implementation of the *Community-Driven Development* approach, two main factors are taken into consideration for approval: the local participation in the proposal and the level of priority of the project which relates to the local development programme as planned by the local government (cf. World Bank 2011).

### ***11.5.2 Coverage of the Programme***

Some observations can be made about the implementation of the PNPM Mandiri programme. In general, *PNPM Perdesaan* ('Rural PNPM') has increased people's consumption by 9.1%, while about 300,000 people who were unemployed could get employment during the implementation of the programme, particularly in the infrastructure sectors.

The accessibility of the people to basic health care services also increased. According to Bappenas (2008, 2013), Bali reached 100%, Java 98%, Sumatra 95%, and Sulawesi 94%. However, in some areas such as Maluku, accessibility still remained at 83%, West-Papua 74% and Papua the lowest by 59%.

Access to education amounted to about 98% in urban areas for 9 years of compulsory education, while in rural areas the number was lower at 71%. From 1998 to 2009, more than 9.9 million people could be accommodated by the projects implemented by the PNPM Mandiri programme. From 2007 to 2014, the Government of Indonesia allocated about 72.56 billion Rupiah. The funds have supported the *PNPM Mandiri Perdesaan* ('Rural PNPM') in the rural areas in building more than 520,878 road projects with a completed distance of more than 650,978 km, 314,315 bridges, 319,463 irrigation systems, 350,000 water sanitation projects, and 2733 traditional markets, as well as providing electricity to more than 3600 villages, and renovating more than 80,000 schools all over Indonesia.

The *PNPM Perkotaan* ('Urban PNPM') in the urban areas has covered 125,988 project units, including road projects with a completed distance of more than 470,000 km, 77,555 drainage units, almost 8000 bridges, 300,000 microenterprises,

more than 14,000 houses, 393 schools and 1200 health care services (cf. Bappenas 2008, 2013; Setkab 2014). Although the programme has made satisfactory achievements in development, there is some criticism on the implementation of the *Community-Driven Development* approach through the PNPM Mandiri programme. Several disadvantages can be identified on the implementation of the programme, which are listed as follows:

- The infrastructure is still the dominant sector to which the programme funds are being allocated;
- The facilitators in the *kecamatan* and *kelurahan* cannot fully execute their roles of responsibility in the community;
- In West Java, a case was reported where the implemented budget was below the allocated budget as a result of the inconsistency between the databases at the central government and the lower level of government; and
- The level of local participation still tends to remain low, as reported for Jogja and Bali, rendering the aim of achieving increased participation as not fulfilled (cf. Bappenas 2008, 2013).

Although in some cases, the participation of the local communities has been achieved, it turned out that certain decisions were already made beforehand by the facilitators or by the elites in the local government. Manusri and Rao (2004) criticise the domination of the elites in the implementation of the community-driven development projects, particularly concerning the inadequate results of the causal relations between the project outcomes and the participation of the communities. Although the programme had initially been planned to empower the community, it was found that without an adequate involvement of the local people to take their own decisions, the programme simply became an adjusted development approach *from the top* with a justification *from the bottom*. In this way, the implementation of the programme remained limited to an economic empowerment model without the participation of the community. Unfortunately, factors of failing leadership and elite capture at the local level have largely contributed to the decline in the achievement of the community-based development approach throughout the country (cf. Manusri and Rao 2004; Balint and Mashinya 2005; Dutta 2009).

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