Expanding and Diversifying Indonesia's Program for Community Empowerment 2007-2012
ACKNOWLEDGEMENTS

This case study was prepared and researched by Jonathan Friedman (Princeton ISS). Robert K. Yin aligned some of the materials in line with the structure and flow of a set of Science of Delivery pilot case studies prepared during the period of May to December 2013. Victoria Beard and Paul Smoke provided helpful comments. Many individuals contributed to this case study, starting with the 27 interviewees who provided context, detail, and insight. The following individuals contributed additional assistance: Special acknowledgements are due to Jan Weetjens, Sentot Satria, Sujana Royat, Bito Wikantosa, Susanne Holste, Richard Gnagey, Rudy Prawriadinah, and Natasha Hayward, Dr. Jennifer Widner and Laura Bacon for their in-depth reviews and editorial support.
1. THE INITIAL CHALLENGE: REDUCING THE POVERTY RATE

At a cabinet meeting in 2005, Indonesian President Susilo Bambang Yudhoyono asked how the government could halve the national poverty rate to 8% by 2009 from 16.7%, the end of his term.1 “At the time, we had 52 poverty programs driven by 27 central ministries, but there was no linkage between them,” said Sujana Royat, deputy minister for poverty alleviation in the Coordinating Ministry for People’s Welfare, the ministry that coordinated efforts between government ministries that planned, monitored, and analyzed social welfare programs. In response, Aburizal Bakrie, the minister, prepared two graphics. The first showed five of the government’s largest programs ranked by effectiveness; the second provided five estimates for how the independent expansion of each program would impact poverty. Two related programs—the Kecamatan Development Program (KDP) and the Urban Poverty Program—outperformed the others in the analysis.

**KDP.** The KDP provided block grants for poor, rural communities, which were free to use the money for almost any purpose of their choosing. Responsibility for providing these funds evolved over time; at the inception of the program, the World Bank provided almost all of the funding, with a nominal contribution from the Government of Indonesia. However, by the end of the project, the central government, local governments, and development partners such as the World Bank were contributing funds for the grants on a roughly 60%-20%-20% basis. These grants were issued in three general size categories, with communities’ population density, poverty incidence, and remoteness all taken into account to determine whether the grant received was small, medium, or large. Villagers determined communal needs through open discussion, developed project proposals, selected the best of these based on their feasibility and likely impact, and implemented projects, such as the construction of roads and irrigation systems or the purchase of school materials. Because women had been underrepresented in Indonesian decision-making, KDP rules required that two-thirds of proposals came from women’s groups, including from women’s revolving loan fund associations. Project and budget details were posted on public information boards in the villages to promote transparency.

In the mid-2000s, as Indonesia’s economic growth buoyed national tax revenues, the government had additional funds available to address poverty on a broader scale. The KDP was already one of the largest community-driven development programs in the world, active in roughly half of rural Indonesian villages. The rapid expansion of the KDP to support areas affected by natural disasters—such as the region of Aceh following a devastating tsunami in December 2004 and the region of Nias following an earthquake in March 2005—added to the program’s visibility and popularity.

**PNPM Rural.** Persuaded that the KDP was achieving significant gains, President Yudhoyono decided to ramp up the program. In August 2006, he unveiled an ambitious plan to combine the KDP and other community-based poverty programs in a National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat Mandiri), called PNPM Mandiri. (In Bahasa, Indonesia’s official language, the term mandiri means self-reliant and independent.) Under the president’s plan, the KDP (renamed PNPM) would expand into every rural village across the nation’s sprawling archipelago by 2009. This rural expansion became known as PNPM Rural. (See timeline.)

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Table 1: PNPM Timeline

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<thead>
<tr>
<th>Year</th>
<th>Description</th>
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<tr>
<td>2006</td>
<td>President Susilo Bambang Yudhoyono announced plans to expand the Kecamatan Development Program and combine it with other projects under the umbrella of PNPM Mandiri.</td>
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<td>2007</td>
<td>The president launched PNPM Mandiri in Palu, Central Sulawesi.</td>
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<td>2007</td>
<td>The Indonesian government, the World Bank, and other partners established the PNPM Support Facility (PSF) to provide operational and financial support to PNPM Mandiri.</td>
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<td>2007</td>
<td>PNPM Rural reached 33,000 villages, 1,971 sub-districts, and 343 districts.</td>
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<td>2007</td>
<td>The Indonesian government piloted PNPM Generasi in 1,605 villages and five provinces.</td>
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<tr>
<td>2007</td>
<td>PNPM Rural reached 34,405 villages, 2,447 sub-districts, and 336 districts.</td>
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<td>PNPM Rural reached 34,405 villages, 2,447 sub-districts, and 336 districts.</td>
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<td>2008</td>
<td>PNPM RESPEK launched in Papua and West Papua.</td>
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<td>2008</td>
<td>PNPM Green established to adapt the PNPM Rural model to address environmental sustainability.</td>
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<tr>
<td>2009</td>
<td>PNPM Rural reached 57,266 villages, 4,371 sub-districts, and 379 districts.</td>
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<td>2009</td>
<td>106 high school graduates were trained as technical facilitators in the region of Papua in the second phase of Barefoot Engineers.</td>
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<tr>
<td>2010</td>
<td>PNPM Rural reached 61,000 villages, 4,791 sub-districts, and 385 districts.</td>
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<td>2011</td>
<td>Initiation of the PNPM Peduli pilot project, and signing of grant agreements between the PSF and three national CSOs.</td>
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<tr>
<td>2012</td>
<td>PNPM Rural impact evaluation found that between 2007 and 2010, the program raised household consumption for poor families by almost US$4 per person per month.</td>
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2. THE CASE STUDY AND ITS QUESTIONS

This case study covers the expansion, diversification, and evolution of KDP into PNPM Rural. The case study covers the actions related to service delivery processes, namely how PNPM Rural was organized and implemented, and with what outcomes. Contextual conditions inevitably make these processes unique, but lessons about service delivery may nevertheless be useful and also relevant to other situations. To this end, in addition to describing how service delivery transpired, as well as its outcomes, the case study addresses three questions:

Q1: How can a successful community driven development program be extended to hard to reach and remote geographic locations?

Q2: How can the focus of a community driven development program be expanded beyond physical infrastructure to address social needs (such as health and education)?

Q3: How can a community driven development program be reformed to better serve stigmatized and disenfranchised segments of the population?

These are challenging questions that have long plagued development assistance in general and community development programs in particular. The analysis of how Indonesia has made progress in dealing with them highlights how it is possible to tackle tough problems with careful attention to
political and institutional positioning, reform of technical and managerial procedures, expansion of appropriate capacity for different actors at different levels, and strategic implementation efforts.

3. CONTEXTUAL CONDITIONS: KDP AS A BACKDROP FOR PNPM RURAL

The KDP had started in 1998, at a turning point in Indonesian history. The timing was auspicious. Nearly overnight, the Asian financial crisis of 1997-98 had reversed decades of economic growth and poverty reduction. A financial crisis reduced incomes, bred public demand for more effective and accountable government, and spawned an era of Reformasi. Public anger over corruption, financial collapse, and rising poverty forced President Suharto from power after 32 years of authoritarian rule. Following decades of repression, media and civil society groups could speak more openly about corruption and transparency in government programs for the first time in decades. The reforms were far-reaching, including a 1999 “Big Bang” decentralization law that devolved many services to district governments. These emerging policy directions – together with a long-standing pro-rural bias in the policies of the Suharto regime – prepared the ground for KDP, which effectively built on these institutional frameworks.

From KDP’s inception the program sought to empower villagers by giving them a chance to determine investment priorities and by helping the villagers to monitor project performance. The program tried to ensure that resources reached intended beneficiaries by depositing funds directly into community bank accounts. It sought to promote the principles of participation, transparency, and accountability, beginning at the community level, building on Indonesia’s strong tradition of reciprocity and sharing. The principles of gotong royong, or “joint bearing of burdens,”2 in which community members voluntarily assisted each other with tasks such as home repairs, and musyawarah, or community decision-making through consensus, were foundations of communal life. Several other community-driven development initiatives, such as the Program for Left Behind Villages (Inpres Desa Tertinggal, or IDT), had started to build on these ideas in the mid-1990s.

Between 1998 and 2006, 34,233 villages (about half of Indonesia’s total of 70,000) in 1,983 sub-districts (out of more than 5,000) in nearly every province participated in the KDP initiative, though not all in the same project cycle. The program made significant progress in meeting its goals of community empowerment and poverty reduction,3 and much research already has been published about the various features of KDP, especially its importance as a community-based initiative (e.g., Bebbington et al., 2004; Guggenheim et al., 2004; Beard & Dasgupta, 2006; Dasgupta & Beard, 2007; Fritzen, 2007). [see References*] Program evaluations showed that large numbers of villagers attended village forums, participated in village committees, and received leadership and technical training.4 In addition, the studies found that communities maintained the new infrastructure years after completion. A government contract with media groups to report on the KDP—including exposure of any corruption in the program—also was an important factor in the program’s success. Furthermore, in this period it was

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possible to assemble high-level political support for a program that paid little heed to long-standing patronage systems.

Although KDP built an extensive grassroots base, the program drew heavily on high-powered Indonesian management talent, consulting firms, and civil society organizations in aspects of its design. Suhasil Nazara, of the Office of the Vice President, said PNPM’s later success in attracting citizen participation in village forums and project committees were partly due to the congruence between the program design and existing norms. “We have this setup that the community must function, not only the individual or household. This is where PNPM fits in,” he said. If these values had frayed or if they had not been present, it might have been harder to engage citizens in the program.

To respond to the president’s decision to scale up PNPM Rural required the ministry to address four broad challenges. It had to:

- Reach populations that had not adequately benefitted from the program;
- Extend its network of functional and oversight staff to thousands of additional sub-districts, many in remote areas;
- Maintain the program’s sound record on preventing corruption; and
- Deepen engagement with elected local governments, helping to build the PNPM principles of participation, transparency, and accountability in local government administration.

At the same time, it was also important to maintain past gains in community empowerment and poverty reduction.

4. IMPLEMENTING PNPM RURAL

4a. Actions Taken

PNPM Rural derived its community-driven development process directly from the KDP, empowering communities to determine their own development needs. PNPM’s process involved four main stages and lasted anywhere from 12 to 16 months (see Textbox 1). This section describes five types of actions that were integral to the implementation of PNPM Rural. (Within the text also are embedded specific isolated concepts: inflection points, pain points, adaptiveness/refinement, feedback loops, and behavior change. Their insertion represents an attempt to see whether concepts potentially related to the Science of Delivery might be relevant to the case study.)
### Text Box 1: Four Stages of Community-Driven Development

1. In the first stage, the Ministry of Home Affairs organized provincial and district workshops in order to announce a new round of block grants and to ensure grassroots understanding of what had to be done to qualify for the grants. This phase usually took one to two months. The ministry invited local government officials, community leaders, and representatives of the local media, universities and civil society groups to attend. Then PNPM’s sub-district facilitators convened forums attended by government officials, respected community members, and about three to six representatives from all villages in a sub-district to explain the PNPM cycle and agree to a schedule for moving ahead. This sensitization or socialization phase then extended to the villages through large open meetings. At these meetings, villagers elected two volunteer facilitators—one man and one woman—and a village council. Anywhere from 50 to 100 people typically attended village meetings. PNPM’s district and sub-district facilitators trained village and inter-village teams and provided support at every stage. These initial meetings and workshops helped to define the role of officials in the process, and place a limit on their discretion.

2. Planning and prioritization came next, and lasted two or three months. Sub-district and village facilitators led discussions about communal problems and needs—road access or school materials, for example—and collected project ideas. Women’s groups met separately to develop their own proposals. At a second village meeting, villagers debated proposals and collectively decided on three priority needs, two of which had to come from women’s groups. At the same time, the villagers selected people from among themselves to write down the proposals using simple templates that included each project’s location, the expected number of beneficiaries from each project, and a rough cost estimate for each. A sub-district verification team including village leaders as well as PNPM sub-district facilitators and technical staff reviewed the proposals for feasibility, technical quality, and likely impact.

3. During the selection phase, the inter-village forum convened again to discuss the merits of village proposals, based on findings from the verification team. The forum ranked village proposals based on feasibility, impact, how well villages had maintained previous projects, contributions from villagers, and other factors. Facilitators then helped communities whose proposals received high marks prepare detailed design plans and cost estimates. PNPM’s technical facilitators evaluated proposals and a district engineer inspected the designs as well. The forum then met again and selected winning proposals, seeking consensus. The forum also elected an inter-village financial management unit to oversee project funds.

4. The head of the financial management unit, the sub-district social facilitator, and elected village representatives then opened a joint bank account. The sub-district-level officials from the Ministry of Home Affairs certified the selected projects and submitted a letter to the provincial branch of the Treasury to release the block grant to the communal account. The funds were released to the sub-districts in installments of 40%-40%-20%, based on the status of the work, and on to the villages as needed. In order to withdraw funds, the social facilitator, financial management head, and village representatives needed to sign off.

Elected village implementation teams contracted with the suppliers and paid poor villagers to supply labor. Procurement of supplies exceeding 15 million rupiah (about US$1,500) followed simplified competitive bidding procedures. The teams reported on project progress at village accountability meetings multiple times through the project cycle. District engineers had to certify completion of the projects before the Treasury released the final 20% installment.

Following completion of the projects, village implementation teams presented results and accounted for funds to villagers, while villages selected operation and maintenance teams to sustain the projects.

In April 2007, President Yudhoyono officially launched PNPM Rural in the city of Palu in Sulawesi Central Province, more than 1,600 kilometers northeast of the capital, Jakarta. The choice of location was apt. Sujana described the mayor of Palu as “hungry about being effective” and eager to try out “the great innovations in combating poverty” in Palu. Throughout 2007 and 2008, Home Affairs worked to double
project coverage by 2009. With support from the PNPM Support Facility (PSF), a partnership and trust fund that was established to channel donor funds to PNPM while also providing technical support and assistance to PNPM programs, it had to build a national network, hire and train thousands of new facilitators, and prevent corruption from taking root.

**Building Ties with Local Government.** The first step was to reach out to district and sub-district governments that had not yet participated in PNPM Rural, to explain how the program worked as well as the funding and oversight roles of local governments. Support from this sector was considered critical under PNPM Rural. The central government and development partners provided about 80% of the money for each block grant. While districts were required to contribute about 20% from their own budgets, depending on their financial resources, this represented a significant increase in the proportion of funding provided by the central government and development partners; previous levels of local government contributions reached up to 70% of the total. Though KDP had similar matching-fund arrangements, under PNPM Rural, national and subnational governments had to sign agreements in which both sides committed to specific funding levels.

Ayip Muflich, director general of community empowerment at Home Affairs, said local governments generally responded well to Home Affairs’ overtures, but noted that it was easier to win acceptance in some districts than in others. He attributed the variation partly to different levels of commitment from local governments to the principles of community empowerment. He said some local governments resisted PNPM Rural because of the perception that there were limited opportunities to benefit from corruption due to heavy monitoring of project funds and the program’s ban on the use of contractors [pain point]. Some local officials also appeared to play more active roles in organizing project stakeholders and using their local influence to support PNPM, such as in the district of Purwakarta, while others merely met the minimum funding and administrative requirements.

**Expanding the Network of Facilitators.** Citizen participation in PNPM was largely a function of facilitators’ communication abilities, coaching skills, and commitment to community empowerment principles. “If facilitators are not good enough, then it influences the implementation process,” said Bito Wikantosa, of Home Affairs.

From 2006 to 2009, Home Affairs tripled the number of facilitators to 1,249 at the district level and 9,810 at the sub-district level. It advertised facilitator positions through local media on a province-by-province basis. Bito said it was fairly easy to recruit social facilitators because they could come from a variety of backgrounds. However, technical facilitators had to have knowledge of civil engineering, and that requirement posed a challenge in less developed parts of Indonesia. [pain point] Even in the country’s most populous island of Java, where civil engineers were in relatively large supply, it could be difficult to find people willing to serve in rural areas on the island.

After reviewing applications, Home Affairs usually invited an additional 10% of total applicants to a pre-service training than it would ultimately hire, as it offered an important opportunity to observe recruits’ communication abilities in practice through focus group discussions and other tests. “We can see who’s good in communication and facilitation, so we can see which are good facilitators and which don’t match the requirements,” Bito said. The Ministry of Home Affairs added members of the remaining 10% to a reserve list and hired from that pool, if active facilitators resigned their positions or could not perform adequately.

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The pre-deployment curriculum covered the principles of community empowerment, the fundamentals of coaching and conflict resolution, and the specifics of the PNPM Rural project cycle. Because social facilitators came from a wide variety of backgrounds, said Bito, training in how to encourage communities to organize—to support collective action—was critical.

Support and training continued once facilitators were in the field. In addition to annual refresher courses for all facilitators, district facilitators met twice a month with their sub-district counterparts to discuss progress and problems. They also provided on-the-job training for sub-district facilitators as problems arose in their sub-districts. At the provincial level, regional consultants organized bimonthly conferences for all district facilitators. There, facilitators shared experiences and ideas about solving common problems in facilitation or project procedures. These events had other benefits, too. For example, district facilitators from Purwakarta in Western Java said the sharing of stories at these meetings helped inspire facilitators and cultivated a friendly sense of competition.

The ministry faced some challenges in recruiting and retaining facilitators, beyond the regional variations in the pool of technically trained candidates. Working conditions often were poor in remote areas, and travel between villages within sub-districts was difficult. In addition, facilitators did not receive annual pay raises, and their contracts covered only the period of the project cycle. Budget delays at the central level left facilitators working for months at a time without being paid. As a result, the positions offered little job stability and few clear opportunities for professional advancement.

In response, Home Affairs developed a certification program for facilitators with support from the PNPM Support Facility and the National Board for Professional Certification, a government institution that certified all professions in Indonesia. An association of PNPM facilitators (IPPMI) had pushed for such a program. Ayip, who led the certification program beginning in 2012, following his departure from Home Affairs, explained the goal of the certification process was to develop the position of facilitator as a profession in Indonesia, thereby making the work more attractive for potential recruits. Still, the Ministry of Home Affairs continued to struggle to fill facilitator positions. In 2009, the ministry reported vacancies in 5% of positions, with significant variation between provinces, and the problem persisted.6

Combating Corruption. In combating corruption, PNPM Rural was able to continue the solid work of its predecessor program, the KDP. One of the astonishing findings about the KDP was its very low level of corruption despite the huge sums disbursed. Audits by PriceWaterhouse and Moores Rowland found financial inconsistencies in less than 1% of projects.7 Home Affairs was determined to extend the program’s record on corruption in new project locations and sustain it among existing project areas.

Scott Guggenheim, a World Bank official who helped craft the KDP and served as the initial head of the PSF, explained: “The model has always been that the first best measures on dealing with fraud are design measures.” Its architectural principles were in simplicity, transparency and the use of communities’ social capital for accountability. The first and most important design principle, he said, was to keep the design simple by limiting discretion and reducing the number of transactions. For example, the project limited the number of financial transactions by disbursing funds directly from provincial

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branches of the National Treasury Office to communal bank accounts at the sub-district level. An example of transparency was the use of multiple signatures to set up and withdraw funds from the account, including those from the head of the inter-village financial management unit, the sub-district social facilitator, and elected village representatives. To take advantage of villagers’ social capital, the design also created checks and balances by separating responsibilities for project selection, budgeting, implementation, oversight, and maintenance across committees, and then using their reports in the village’s overall discussions of how well the program was performing. The project’s modular design also facilitated the application of appropriate, non-distorting sanctions. Locating oversight at the sub-district level ensured that if corruption was discovered, the grant to that sub-district could be suspended without penalizing neighboring sub-districts. Limiting central government liability to the successful delivery of block grants similarly made it possible to enlist ministry support for addressing local level problems without antagonizing the entire government apparatus.

There were also a number of external checks against corruption. Reports by media and civil society groups helped to bring cases of fraud out in the open. Even though press activities were restricted under President Suharto, from the start of the KDP the government contracted non-governmental organizations (NGOs) and journalists in every province to conduct field visits and write stories about the program. The contracts were structured so that the government did not know where these groups visited, nor could the government review articles prior to publication. A large number of stories dealt with corruption.8

The Ministry of Home Affairs conducted regular financial and compliance audits of sub-districts, which were also increasingly examined by the Audit Board of Indonesia on an annual basis. An earlier randomized controlled trial conducted by the U.S.-based Abdul Latif Jameel Poverty Action Lab had showed that the risk of audits, accompanied by a public reading and presentation of the audit results, had a greater impact in deterring corruption than some other forms of community oversight. On the basis of this research, in 2011 the Audit Board began to audit 20% of sub-districts each cycle, and read out the findings in community meetings.9 Communities could also take the initiative in reporting fraud to a dedicated PNPM Complaints Handling Unit via phone, SMS, mail, or local drop boxes.

**Supporting Monitoring and Oversight.** The PNPM Support Facility had dedicated units to monitor budgets and activities to support the Ministry of Home Affairs in this regard. Monitoring from Jakarta was possible because of regular reporting up the ranks from villages to the central level, but field visits and financial and compliance audits were also part of the oversight strategy.

The support facility created risk profiles to serve as an early warning system for a variety of problems that could arise. An implementation support team, which consisted of a financial management unit, field unit, and other teams, collected data from regional consultants to assess performance, using indicators such as the number of block grants and the amount of money disbursed in an area, turnover rate of facilitators and empty positions, incidence of fraud over previous quarters, the number of field visits from consultants and facilitators, the strength of a revolving loan fund that communities funded with PNPM grants including the percentage of nonperforming and idle loans, and the percentage of funds already provided that were used for planned expenditures as well as the unexpended balance.

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8 See Guggenheim, Scott. “Crises and Contradictions: Understanding the Origins of a Community Development Project in Indonesia.”

The support facility field team produced color-coded maps that reflected the prior performance and level of risk for each indicator for each of the 34 provinces. Low-risk provinces appeared in green; moderate-risk provinces in yellow; and high-risk provinces in red. Kun Wildan, director for institutions and community training in the Directorate General for Community Empowerment (the responsible directorate at Home Affairs), said the maps were an easy way to digest a lot of information. He said the PNPM secretariat and the National Management Consultants wanted to develop their own color-coded mapping system going forward, “to help monitor broad coverage...to differentiate good ones and worse ones.” He said the maps helped people visualize the data and improved communication. Representatives of the support facility met quarterly with the national consultants and Bappenas to discuss which regions were at risk in subsequent months.

Support facility teams conducted field inspections based on an assessment of risk factors. They visited an increasing number of sub-districts—at least 160 each quarter (out of approximately 5,000 participating in PNPM)—beginning in 2011. On site, they met with local government officials, facilitators, and village and inter-village oversight bodies to determine how well they understood the PNPM project cycle and how closely they followed procedures.

When the support teams discovered problems, they were instructed to bring them for discussion before the Joint Management Committee of the PSF so that the Ministry of Home Affairs could take action. If the financial team found evidence of fraud, it would report it to a dedicated complaints handling facility at the national consultants unit.

Project Management. The ability to convey block grants to almost 60,000 villages with little leakage or corruption was a tribute to the governance structure the program’s leaders devised. However, other aspects of project design did not always work as well.

The program was thinly staffed at the headquarters in Jakarta. Although PNPM Rural accounted for 80% of the Ministry of Home Affairs budget, the implementation of PNPM Rural was the responsibility of just one directorate of one directorate general, and consisted of about 10 civil servants. Ayip Muflich, former director general for community empowerment, said the ministry did not elevate the directorate to the level of a directorate general, because the project was originally temporary and not one of the ministry’s core functions.

As a result of its small size compared to the magnitude of the task it faced, the directorate sometimes struggled to respond quickly to issues or problems with PNPM, according to the 2012 governance review. It labored to address facilitator vacancies, both at local and national levels, and to maintain the frequency and quality of training it offered to support facilitators. The ministry also struggled to disburse funds on time (though it was not always the source of the problem), delaying project implementation and leaving facilitators working for months without being paid. Data systems and capacity to respond to complaints were also strained.

4b. How Implementation Came to Work

The implementation of PNPM Rural worked because of an extensively organized effort at the national and local levels, and often with the assistance of external development partners. The program also invested carefully in its most valuable infrastructure, a system of facilitators.

A National-Level Organization. At the national level, the ministry maintained the management structure it had in place under KDP. A secretariat administered the program, with parallel operational and oversight systems. The secretariat consisted of a small number of civil servants from the ministry
and roughly 40 Indonesian consultants in charge of overseeing the project. (Civil service rules prohibited the Ministry of Home Affairs from adding significant numbers of employees in the Directorate General for Community Empowerment, the directorate in charge of PNPM Rural. To expand a directorate beyond a certain size required an exception to civil service rules, or the creation of a new directorate general just for PNPM.)

Operational responsibility rested with another team of private consultants who reported to the secretariat. The Ministry of Home Affairs hired Indonesian firms to implement PNPM Rural on the national and regional levels. The top level, called the National Management Consultants, was based in Jakarta. Seven Regional Management Consultants units, each responsible for several of the country’s 34 provinces, had offices both in Jakarta and in the provinces. Consultants from both groups worked only to support PNPM Rural. They had specialists in financial management, complaints handling, information management, infrastructure, training, and communication.

**District and Sub-District Levels.** Consultants at the district and sub-district levels were known as facilitators and were hired individually, instead of through firms. Initially, there were two types of facilitators: Empowerment facilitators encouraged participation in PNPM projects and built the capacity of villagers through training and regular consultations while their partners, technical facilitators, had backgrounds in civil engineering and reviewed project design and monitored progress on public works projects. Later, districts added a third specialist in financial management, in part to better advise and monitor women’s revolving loan fund activities funded by PNPM grants.

Communication was a crucial element of the system. At every level, facilitators monitored and supported their counterparts one level below and reported to facilitators one level up. Many procedural problems and other issues that arose could be dealt with at local levels through these layers of support and oversight without the need for direct intervention from the central ministry.

**Coordination across Levels.** Home Affairs officials at the sub-district, district, provincial and national levels constituted a parallel oversight system for their functional counterparts. They helped coordinate project participants, liaised with locally elected district governments and decentralized representatives from other ministries, and monitored activities to ensure the appropriate use of funds and adherence to program procedures.

To deal with the significantly expanded scope of the PNPM program, Home Affairs had to gear up internally. Ayip Muflich, director general for community empowerment at the ministry until 2012, said the first step was to build internal organization and add capacity. “Not only at the level of the ministry, but all the way down, you had to strengthen human resources via training,” he said. Ministry officers at each level would have to manage relationships above and below them, and oversee funds even if they did not have responsibility for daily operations.

Home Affairs also had to reach out to local government officials, many of whom were not familiar with locally controlled programs like PNPM. That task required convincing them of the project’s merits, explaining the requirements of the PNPM project cycle, and specifying their responsibilities in contributing to block-grant funds and in overseeing all stages of the projects.

To provide the local effort with additional support and oversight from the national and provincial levels, Home Affairs had to hire more consultants at the national and regional levels and hire and train thousands of additional facilitators at the district and sub-district levels. As PNPM’s continued success hinged on the performance of the facilitators, the ministry had to find adept communicators to handle the sometimes-sensitive job of working with ordinary citizens who had to learn how to identify
communal needs and lead and manage projects. The ministry also had to extend and improve its financial-control processes to handle the large sums of money that it had to distribute to thousands of sub-districts through PNPM. Tracking and accountability were more important than ever to keep a lid on corruption.

**External Support from Development Partners.** For assistance, the Ministry of Home Affairs turned to familiar associates. The World Bank and other development partners had supported the KDP through its Decentralization Support Facility (DSF), a multi-donor trust fund set up to support Indonesia’s decentralization reforms. Donor funds flowed through the DSF but were not managed by it, and Home Affairs, together with other government ministries, urged the partners to organize a similarly dedicated trust fund to support PNPM. The new partnership was called the PNPM Support Facility (PSF or “support facility”).

A Joint Management Committee chaired by the State Ministry of National Development Planning, or Bappenas, and co-chaired by the World Bank, decided on the use of support facility funds. A technical secretariat did much of the legwork in support of the committee. Other major development partners and participating ministries, such as the Coordinating Ministry for People’s Welfare, served as members. The World Bank managed the fund and employed staff to carry out associated activities. The World Bank, Australia, Denmark, and the Netherlands were early donors, while the European Union, Canada, United States, and United Kingdom subsequently contributed funds.

The PSF would assist Home Affairs in its main tasks by providing monitoring and training services and conducting its own financial management reviews. Additionally, the PSF would expand the learning and innovation functions that had been a strong part of the KDP program. PSF-funded program evaluations would help Home Affairs determine how PNPM performed and where there were needs and opportunities to adapt. The PSF also provided a mechanism to pilot new variants of PNPM that targeted marginalized groups, or development sectors that villagers generally did not elect to fund through PNPM block grants.

Sujana, of the Coordinating Ministry for People’s Welfare, said that PSF supervision of financial matters was especially important in buttressing the internal supervisory mechanisms of the Ministry of Home Affairs. “I wanted accountability to be first class, so I requested to our development partners...that each penny, each rupiah, can be traced, where they go, who are the utilizers,” he said.

**The Facilitator System.** The elaborate and highly valuable “social infrastructure” that the facilitator system embodied was at once a signal success of the program and a source of some continuing challenges. Susanne Holste, head of the operations team at the support facility during initial interviews, attributed the program’s sustained success to the accumulation of institutional knowledge about PNPM and capacity developed in thousands of facilitators and communities. “It has a straightforward setup, which has changed very little in fifteen years.” As a result, she explained, “What you have now is a lot of knowledge in the community, so you can go to a village far away and they know the program. You can ask what are the basic building blocks of PNPM, what’s the cycle, what are the basic provisions of the PTO (project manual) for accounting, and they know it. You ask the UPK (inter-village financial management unit), they can recite the PTO,” she said. “And then you have a core of 10,000 facilitators and many have been in the program a very long time and know their assignments very well.” This network was one important result of the program design.

The recruitment and retaining of facilitators encountered two challenges that are often more pronounced in other countries that might contemplate copying the Indonesian approach. One was the
difficulty of making the system work in remote, insecure, or especially poor areas like Papua, where the pool of qualified candidates was smaller and those who had technical training could easily find employment elsewhere. One option was to use civil society groups as facilitators, as PNPM had done in working with marginalized groups, but these kinds of organizations and networks tended to be less common in these regions. The alternative was to provide specialized training—in short to create an auxiliary program to try to generate candidates for the facilitator system. A second issue was to provide facilitators with the possibility of advancement, if not within the program then in the form of a marketable set of skills. The adoption and expansion of the certification program helped in this regard.

4c. Evidence of Program Expansion and of Citizen/Client Outcomes

Program Expansion. Between 2007 and 2009, Home Affairs almost doubled the scope of PNPM Rural from 33,300 villages in 1,971 sub-districts to 57,266 villages in 4,371 sub-districts across rural Indonesia. From the launch of PNPM through 2011, communities used project funds to build or repair nearly 69,000 kilometers of roads, 6,500 irrigation systems, 30,000 clean water systems, 22,000 schools and 11,000 health facilities. Government and development partners spent a combined US$4.4 billion dollars on the program, including for block grants and administrative costs, such as the wages for more than 9,000 facilitators in 2009 and even more in subsequent years.

Table 2: PNPM Project Scope

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage Area</td>
<td>25,962 villages in 1,958 sub-districts</td>
<td>33,000 villages in 1,971 sub-districts</td>
<td>34,405 villages in 2,447 sub-districts</td>
<td>57,266 villages in 4,371 sub-districts</td>
</tr>
<tr>
<td>Funds Disbursed (millions of US Dollars)</td>
<td>185</td>
<td>190</td>
<td>447</td>
<td>700</td>
</tr>
<tr>
<td>Number of Program Activities</td>
<td>27,849</td>
<td>25,835</td>
<td>49,836</td>
<td>70,006</td>
</tr>
<tr>
<td>Number of Facilitators</td>
<td>1,633</td>
<td>5,061</td>
<td>6,471</td>
<td>11,059</td>
</tr>
</tbody>
</table>

Source: Data collected from Home Affairs Annual Reports and from PNPM Support Facility. Note that due to disbursement delays in 2007, the final amount disbursed for the project cycle that began that year was higher than US$190 million.

The scale-up of community-driven development influenced poverty levels and participation, but some of the same limitations apparent in the earlier KDP program persisted.

Variety of Research and Evaluation Studies. From the early days of the KDP, the World Bank emphasized rigorous baseline studies and impact evaluations to determine the effectiveness of the program. It financed several randomized controlled trials, building on new applications of these methods to policy analysis. Under the PNPM support facility, development partners contributed even

more than before to studies of PNPM. The support facility’s Joint Management Committee determined
the schedule and topics of studies. Natasha Hayward, head of an analytics team, emphasized that the
studies had to be useful for policymakers. Some studies were conducted to respond rapidly to requests
from government agencies, she said, including studies on women’s participation and influence in village-
level decision-making, the economic rate of return on projects, and a local-level government
assessment, all in 2012. Others sought to inform policymaking at more strategic levels. “Demand from
government is critical and is the major driving force,” Hayward said. “Because of the unique role of PSF
as interface, they (PSF) also generate ideas and theories to be tested, but we’d never pursue those in
isolation. It always must be followed up with, ‘Is this a priority for government, consistent with the
challenges they’re facing?’”

The rigorous evaluations and thematic reports identified gaps in PNPM that sparked the creation of
various pilot projects (for more about the pilot projects, see the responses to case study questions #2
and #3 in Section 5 at the end of this case study). “When we know from evaluations, for example, that
there are community needs other than infrastructure, we should then explore other interventions that
may increase people’s welfare,” said Vivi Yulaswati of Bappenas. “We have good support from PSF not
only in evaluations but also thematic reports, so we learn a lot about what works and what doesn’t work
in communities. PNPM Generasi and Green and Peduli are examples of our effort to improve the
effectiveness of PNPM.”

Studies also created opportunities for government agencies and other stakeholders such as
development partners, universities, and civil society organizations to discuss broader policy issues. In
that way, the support facility served as a platform for government and non-government actors to share
ideas. “We serve three or four key government agencies here. They are not always necessarily aligned
with one another,” Hayward said. “It’s our challenge in some ways to try and steer a path that both is
responsive to what they want to see, pushes them to see some of our ideas and thinking, to push the
envelope a little bit, and also to provide a framework around which they can coalesce and agree through
us.”

The support facility’s studies went beyond PNPM to look at core issues of poverty, local governance,
inclusion, and social accountability throughout Indonesia. Suahasil Nazara, coordinator of a policy working
group at the Secretariat of the National Team for Acceleration of sPoverty Reduction in the Office of the
Vice President, said that these broader studies helped policymakers think strategically about the future of
poverty alleviation programs, local governance and community empowerment in Indonesia. “PSF is
generating the knowledge. It’s the most important function of PSF—producing the knowledge and
evidence,” he said. He stressed the need to draw on rigorous analysis in trying to explain to other countries
why community-driven development has worked and noted, “this is where PSF is important.” At the
same time, because of the number of factors that influence national poverty rates, it was impossible to
measure the direct impact of PNPM Rural on Indonesia’s overall poverty rate. However, the nation’s
official poverty rate did decline to 12% in 2012 from 16.6% in 2007. “I cannot say the poverty rate is
declining just because of PNPM,” said Rudy Prawiradinata, director of poverty reduction at Bappenas, “but
definitely PNPM is a main vehicle to reduce poverty.”

**Rural Impact Evaluation.** A PNPM Rural impact evaluation, conducted in 2010 and published in 2012,
compared households in communities that started to participate in the program in 2007 with a control
group that began to participate only in late-2009 or early 2010, just before data collection started (the

Performance? Evidence from a Field Experiment on Health and Education in Indonesia.” March 2013.
http://economics.mit.edu/files/6923.
closest possible equivalent to a “no treatment” counterfactual). The study used consumption as an approximation of income. It found that the expanded program sustained the positive results of previous KDP cycles on poverty and household consumption with some variations, although its impact also had similar limitations. Between 2007 and 2010, consumption among poor households that participated in PNPM was, on average, 9.1 percentage points higher than consumption among poor households in the control group. This difference was equivalent to 39,000 rupiah per person per month (about US$4). The increases were more pronounced for the poorest fifth of households, but the evaluation also found positive effects for households in the second and third consumption quintiles—the near poor.

In 2009, the average increase in household consumption was between 3.3 times and 5.7 times the average cost of the program per household. Poor households were 2.1% more likely to move out of poverty in PNPM areas than in villages that were part of the control group.

The gains were uneven, however. Households led by women and households led by men without a primary school education did not experience the same benefits as others and were no more likely to move out of poverty than their counterparts in non-PNPM areas. (The Peduli pilot program began later on in 2011 after the evaluation’s study period.)

**PNPM Qualitative Study.** Additionally, PNPM did not substantially help non-poor households or households in non-poor areas. A 2010 PNPM qualitative study provided possible insight into some of the causal mechanisms that linked the program to anti-poverty outcomes. The study found that in poor areas without basic infrastructure, the needs of the poor and of the general community aligned. Everyone benefited from public works. As a result, communities invested in infrastructure projects that benefited the poor, such as roads linking villages to markets or clean water systems.

By contrast, in non-poor areas, where basic economic infrastructure was already in place, communities often continued to invest block grants in additional infrastructure projects. However, in these areas, the primary needs of the poor were not in additional infrastructure, but in capacity development and access to capital. As a result, PNPM projects had less impact on incomes and consumption than they did in the poorer areas. A 2008 PNPM evaluation had encouraged PNPM organizers to consider adapting the PNPM model for non-poor sub-districts, given the KDP’s lesser effectiveness in these areas. However, the government did not alter the basic project model, preferring to scale-up first.

Susanne Holste, the head of the operations team at the PSF, said that, given the immense task of the scale up, Home Affairs took the right approach in holding to the basic model of PNPM. “First you achieve a scale-up, and then when your systems are in place, you can think about offshoots…and regional adaptation,” she said. Still, if the PNPM model was adapted to the diversity of Indonesia, it could enhance its effectiveness.

**Community Empowerment.** The KDP was originally conceived as a way to empower communities. The theory of change was to build engagement, generate social capital, and gradually win adoption of the

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principles of participation, transparency, and accountability in the broader social and political context. The actual results were mixed, though in some areas the program was so new that it might have been premature to expect significant changes.

According to Home Affairs annual reports under PNPM Rural, participation rates among women and poor villagers remained high. Of the almost 19 million villagers that attended PNPM meetings or participated in project committees in 2009, 53% were women and 49% were poor. Of participants in 2007, 44% were women and 63% were poor villagers. A 2010 report produced by the support facility also found that the positive effect on citizen participation rates in PNPM Rural were sustained from earlier years, although the quality of participation varied. While participation rates remained high, elites had outsized influence in guiding debates and decision-making. Village elites often felt they represented their entire communities, and non-elite villagers passively agreed to elites’ decisions. Additionally, though women’s participation rates in village meetings (excluding women-only planning meetings) increased, men still dominated the decision making process. A 2012 governance review found similar dynamics.

The 2010 study also found that villagers did not demand similar rights of participation in local government planning. Instead, they adhered to whatever rules applied to a project, and if non-PNPM programs did not require public participation, villagers would not demand a voice. Susanne Holste, acting Manager for the PSF in 2014, noted that other programs typically had their own sets of rules and operating logics, which often did not include PNPM principles. This may have helped hobble the adoption of these principles, limiting them to PNPM-linked projects and interventions. Elite dominance at the village level was another possible reason that the three values at the core of PNPM—participation, transparency, accountability—did not become part of the “common sense” with which villagers approached their other relationships, especially their interactions with government or politics. Another was the lack of incentive to apply PNPM principles in local government administration. There was no guarantee that if villagers applied the program principles, they would be rewarded with a project, as in PNPM.

Several observers said that the participatory aspects of the PNPM project cycle were too mechanistic to become embedded in everyday interaction—that at times facilitators and villagers followed procedures for the sake of fulfilling requirements and filling out reports rather than animating communal deliberations. The comprehensive manual for facilitators and village committees helped to regularize PNPM processes, but also tended to overwhelm people. Richard Gnagey, adviser to the Ministry of Home Affairs, also worried that facilitators were overburdened by the number of villages they had to oversee. “When you have too many villages to be in charge of, that makes it difficult, because you really need to spend a lot of time in villages.”

Suahasil Nazara, coordinator of a policy working group at the Secretariat of the National Team for the Acceleration of Poverty Reduction in the Office of the Vice President, also observed that by incorporating paid labor and by providing grants, PNPM contradicted some elements of the reciprocity and community commitment that were part of Indonesian tradition. Although he remained committed

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to the PNPM model and thought it was largely consistent with gotong royong, or joint bearing of burdens, he said, “Now there are also studies that show that the PNPM block grant jeopardizes the gotong royong feeling. In the past people are willing to help without money but now if they want to participate in PNPM project, they’re asking for wages.” He said he personally did not think working for wages “jeopardizes” willingness to volunteer and to come together with others for the common good, while noting that the observation perhaps deserves more study.

4d. Ongoing Prospects

Looking ahead, the Vice President’s National Team for the Acceleration of Poverty Alleviation and the Coordinating Ministry for People’s Welfare agreed in 2012 on a 12-point strategy to strengthen PNPM and ensure the sustainability of the program’s principles of participation, transparency and accountability in local government administration. Called the PNPM Roadmap, the strategy emerged from years of studies and consultations with government ministries, development partners, and civil society organizations.

The Roadmap proposed a number of changes. To strengthen PNPM, the government agreed to find solutions to the problems of facilitator vacancies, such as cultivating the facilitator certification program, raising wages systematically, and reducing the administrative burdens on facilitators. It would set up a regular, direct transfer mechanism to get funds from the central government to communities. It promoted good governance through increasing accountability in PNPM programs and expanding and coordinating legal empowerment programs for villagers. Additionally, the plan looked to strengthen the village and inter-village committees formed through PNPM by creating a more robust legal basis for their activities.

The Roadmap also sought to extend PNPM project principles to local government administration. To date, a potential vulnerability under both KDP and PNPM Rural had been the directness of the linkage between the national level and the communities, effectively bypassing local government administration. Accordingly, the plan called for integrating PNPM mechanisms and support structures, including facilitators, with existing local planning procedures to form a single local participatory planning system with a common budget. This was operationalized by the passage of Village Law No.6/2014 in the House of Representatives on December 18, 2013. This law created the single planning system with PNPM principles embedded into this structure, while also increasing local development budgets. A number of interviews were conducted when the bill was pending in parliament, at which point the law’s impact was already being anticipated as an important new step for PNPM.

For example, Suahasish was optimistic that the bill’s passage would normalize the application of community empowerment principles. “Integration is successful if we can change the law. A great number of principles of PNPM are to be included in the next village law,” he said. “If that’s successful, then village operations will be close to the PNPM model. That is how it should be integrated.” In discussions in July and August, 2014, Susanne Holste confirmed that the new law had the potential to effectively embed PNPM principles into village administration. However there are also substantial risks associated with the new law if the implementing regulations and transition from PNPM to village grants are not carefully crafted.

Suahasish said despite all the studies of PNPM that looked at the quality of infrastructure produced and the impact on incomes, it was important to remember that the ultimate goal of PNPM was community empowerment. “Anyone measuring PNPM as an anti-poverty measure and looks only at income, I think
that’s wrong,” he said. “PNPM comes to say, ‘Look, your voice matters, what do you want to do, what would you like to happen in this village, to see in your community?’ and that’s what matters.”

4e. Limitations (e.g., methodological caveats; cautions in applying the findings to other sites)

The completion of this case study had to fall within a two-month period that highly constrained the extent of the possible fieldwork. As a result, the case study was unable to obtain or incorporate the multiple perspectives inevitably associated with such a large undertaking as PNPM Rural. Many portions of the text cite comments by a single national or local official, when such views might have differed had other national or local officials been interviewed. Similarly, the fieldwork did not extend to data collected directly from the local entities involved in PNPM Rural, which eventually extended to tens of thousands of villages, sub-districts, and districts.

Also, the length and complexity of the implementation process precluded a detailed chronological rendition that normally would have appeared in Section 4a “Actions Taken.” Instead, the text highlights five of the integral aspects of the implementation process, and no claim is made that these were the only aspects that needed to be covered.

These limitations notwithstanding, the case study’s role as a pilot case study has yielded helpful insights into the design and conduct of new rounds of case studies on the science of delivery.

5. LESSONS FROM THE CASE STUDY

This case study on PNPM Rural suggests several lessons about expanding and diversifying an ongoing program. These lessons are now reflected in the responses to the three case study questions posed at the outset of the case study.

Q1: How can a successful community driven development program be extended to hard to reach and remote geographic locations?

Extending the PNPM model was not easy in all parts of Indonesia. The eastern provinces of Papua and West Papua presented a particular challenge for the Ministry of Home Affairs. Located on the western half of New Guinea and surrounding islands, Papua was among the poorest and most underdeveloped regions of Indonesia. Several indigenous Papuan separatist groups had sporadically clashed with security forces since 1963, and at the time of the PNPM scale-up the area was home to Indonesia’s deadliest conflict. In 2007, the president had announced a “New Deal” for the area, aimed at increasing development. But weak transportation infrastructure, long distances between villages in certain areas, and cultural distinctiveness presented challenges for extending PNPM.

In 2008, Papuan provincial governments and Home Affairs launched a version of PNPM tailored to Papua called PNPM Respek (PNPM Respect). Local governments provided funds for block grants while Home Affairs provided facilitators. Unlike PNPM Rural, under the Respek program all villages received funds without an inter-village competitive proposal process. Additionally, because facilitators had difficulty traversing long distances between villages, which resulted in a slower pace of implementation, PNPM Respek project cycles were permitted to extend beyond the normal 12-16 months. The local provision of funds freed Respek from central government disbursement deadlines.

However, there was another challenge in Papua, namely the lack of civil engineers who could work as technical facilitators. Bito Wikantosa, of Home Affairs, explained that at the initial wage levels offered to facilitators, Papuan civil engineers could easily find other jobs with better pay. Home Affairs raised facilitator salaries in Papua, he said, but the change did not solve the problem. Home Affairs then tried transferring facilitators to Papua from other parts of Indonesia, Bito explained, but many non-Papuan facilitators struggled to navigate the geography and cultural map of Papua.

To address the problem, the Ministry of Home Affairs revived a training program first introduced in 2003 called “barefoot engineers.” Richard Gnagey, an adviser to the ministry, recalled that at the time, Home Affairs needed to recruit technical engineers for 90 sub-districts in Papua, but only 19 people passed the pre-service training, and ten of those left in the first two weeks.

In 2009, Home Affairs launched a second phase with funding and assistance from the support facility. Home Affairs partnered with a local university in Papua, Universitas Cenderawasih, to recruit and train high school graduates. The six-month course covered the skills needed to perform as technical facilitators. Upon completion, graduates were deployed as facilitators. In the 2009 cycle, 106 were trained. Owing to the program’s success, a third cycle was launched in late 2012 to train an additional 300 technical facilitators out of a total 560 required for the region.

In summary, the ability to reach remote geographic locations raises a number of issues: the need for longer project cycles, allowances for increased transportation costs as well as the availability of skilled staff. In the PNPM case, the Ministry of Home Affairs responded to the dearth of trained professionals by implementing its own training program.

Q2: How can the focus of a community driven development program be expanded beyond physical infrastructure to address social needs (health and education)?

An important new goal was to expand access for the disenfranchised and encourage use of the block grants for a wider range of activities. Although the KDP had a positive impact overall, particularly for poor people in poor areas, not all demographic groups had participated to the same degree in the inter-village planning cycles or benefited from the projects that had been implemented. Communities had also made relatively limited use of the funds for improving health, education, and natural-resource management, compared to public works like roads. [pain point]

Beginning in 2007, the Joint Management Committee of PSF developed several pilot projects to expand PNPM to disenfranchised groups and new activities. The support facility helped finance this extension and the government also picked up some of the costs. The Ministry of Home Affairs implemented many of the pilots.

One of the new programs was PNPM Generasi Sehat dan Cerdas (PNPM Healthy and Smart Generation), which began in 2007 and allowed the GOI and its partners to test some of its assumptions about PNPM’s impact and causal mechanisms. Indonesia as a whole was making uneven progress toward its 2015 Millennium Development Goals in health and education, with certain poor rural areas lagging significantly behind. Meanwhile, communities had used KDP funds overwhelmingly for small infrastructure projects, rather than in health and education.

PNPM Generasi aimed to reduce maternal and infant mortality and increase primary school enrollment in underperforming areas. It adopted the PNPM Rural model, but villages could use its block grants only for health and education projects. Villages used the PNPM Generasi grants for a range of activities. The most common education projects were the provision of school materials, such as textbooks, and the provision of financial assistance such as scholarships and transport fees. Communities pursued projects in health that provided financial assistance for pregnant mothers for transportation to clinics or to pay midwives, and for supplementary feeding activities.26

The allocation formula departed from the PNPM model. In some sub-districts, the size of block grants for subsequent project cycles depended on prior performance. In these areas, 80% of block grants were distributed based on the standard PNPM formula for population and poverty incidence, while the other 20% was a bonus based on performance in the previous cycle, as measured by 12 health and education indicators. This design allowed observers to test if these types of performance incentives would alter behavior. [adaptation/refinement] Indeed, this program represented the largest randomized control trial in the field of development worldwide.

PNPM Generasi showed mixed results overall, with largely positive outcomes in areas with the lowest baseline performance in health and education.27 PNPM Generasi helped to reduce childhood malnutrition rates and increase primary school enrollment in some areas, though baseline attendance was already quite high.28 In 2010, the government decided to expand the program from 1,800 pilot villages to almost 4,000 in 2012, with help from the support facility.29 Going forward, Robert Wrobel, head of the PNPM Generasi team at the support facility, said PNPM Generasi intended to focus on early childhood education and on increasing the supply of health services in rural areas.

In short, PNPM Rural responded to the common bias for communities to prioritize physical infrastructure, by creating a new variant that focused the intervention on spending in health and education. Furthermore, access to additional funds was based on improved performance in key health and education indicators. At the time of the initial evaluation, the results were mixed, with the largest gains in outcomes occurring in villages with the lowest baselines. Subsequent evaluations showed more positive results, and in a follow-up discussion Susanne Holste suggested that the initial evaluation showed mixed results because a constitutional court decision issued in the year it was undertaken “flooded the education sector with money, drowning out effects.” Holste also said that in later years, the provision of additional services, including staffing for health and education programs, increased interest and uptake among beneficiaries.

Q3: How can a community driven development program be reformed to better serve stigmatized and disenfranchised segments of the population?

The expansion of PNPM Rural included not only new funding to promote under-prioritized types of village activities but also new methods to empower marginalized populations. Evaluations from the first years of the KDP revealed that certain groups were largely excluded from participating in the program at the village level or did not benefit from projects due to social stigmas and other causes of marginalization. These groups included street children, sex workers, people with HIV/AIDS, indigenous groups, female-headed households, and others. A 2010 study by Akatiga, an Indonesian NGO, confirmed

the problem of exclusion. Sujana, deputy minister at people’s welfare, prodded the Joint Management Committee to conceive of ways to reach out to these groups.

In 2011, the Coordinating Ministry of People’s Welfare launched PNPM Peduli, in response. The program differed significantly from the PNPM model. Civil society organizations led implementation, rather than the government. [behavior change] These organizations had established networks and hard-earned trust among relevant communities. “We felt that those most qualified to design and implement these programs were the community-based civil society organizations that have extensive experience working with [marginalized groups],” said Sujana. The support facility directed grants to three large Indonesian organizations, which helped organize a network of non-governmental groups. In addition to funds, the support facility provided the organizations with training in financial management, report writing, and methods for working effectively with marginalized groups.

The Peduli pilot phase lasted until the end of 2012. In its first year, 72 civil society organizations supported a variety of activities that affected more than 15,000 people in 24 provinces. Activities included providing birth certificates for street children so they could attend school, assisting indigenous groups with land rights, helping sex workers with professional training and funds to start small businesses, and other projects. Following the pilot, people’s welfare and the support facility decided to extend Peduli for a second phase.

In other words, a common problem for community driven development program can arise when “community” is defined in geographic terms. In order to reach stigmatized and disenfranchised segments of the population, who face huge obstacles to community participation, PNPM Rural broke with this definition of community on which program implementation was based and reached out to civil society groups whose focus were these segments of the population. This revised program, PNPM Peduli, was piloted in 2012, and following this piloting phase the program was being extended at the time of the case study.

6. HOW THE CASE STUDY INFORMS THE SCIENCE OF DELIVERY

During the autumn of 2013, the Bank (in collaboration with members from academia) conducted an analysis on case study work in development in the context of science of delivery. The emerging framework identifies five elements that are seen as important factors enabling science of delivery approaches. The present case study reveals those five elements, or a subset thereof, as follows:

Focus on measurable welfare gains of citizens. A variety of studies, evaluations, and qualitative analyses have shown positive economic and participatory benefits among residents as a result of the expansion

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32 The three organizations were Kemitraan, the Association for Community Empowerment (ACE), and Lakpesdam, part of the Nahdlatul Ulama. The first two were grant-making organizations with dozens of partnerships with local CSOs. Lakpesdam had a national network of branches to which it distributed funds.
*Need to add a new footnote that will give the complete references to the following publications that were called out in Section 3: Bebbington et al., 2004; Guggenheim et al., 2004; Beard & Dasgupta, 2006; Dasgupta & Beard, 2007; Fritzen, 2007.
of a community-based program to rural villages across the country. However, potential elite dominance at the village level is continuing concern that needs to be addressed.

**Multi-sector, interdisciplinary, multi-stakeholder approaches and partnerships.** An important program goal was to encourage communities to address under-prioritized types of activities (e.g., serving health and education needs and not just improving physical infrastructure), as well as to serve marginalized and disenfranchised population groups. Pilot projects formally served as program variants that supported these multi-sector and multi-stakeholder efforts; for example, one variant limited spending to health and education activities. The program also benefited from partnerships involving the World Bank and other development partners. The collaborations included the operation of a support facility that provided monitoring, training, and evaluation services, among other functions.

**Use of evidence to inform experimentation, learn, adapt, and to measure results.** A significant share—a small but substantial portion—approximately 3%—of PNPM’s budget was allocated to monitoring activities and collecting evidence, both qualitative and quantitative. This support included full-time monitoring and evaluation specialists at the national support facility funded through the trust fund. PSF monitored the communities’ budgets and activities, and its staff also made field inspections. Engagement in the field was constant, rather than taking place only on annual missions; while district governments were briefed during the missions, updates were provided to national government on a constant basis. This information was used to inform and modify, where needed, program implementation. Moreover, the PSF measured PNPM’s internal processes to promote the program’s efficacy and eliminate implementation bottlenecks. Staff involved with PNPM felt strongly that this focus on monitoring and collecting evidence contributed to the program’s success. Additionally, the World Bank’s long-term engagement and extended presence in-country enabled practitioners to bring considerable country knowledge to bear on solving implementation problems.

**Change management, leadership, and learning from practitioners.** Indonesia’s President started the plan to combine several pre-existing community-based poverty programs into a single effort aimed at expanding community development into every rural village across the country’s sprawling archipelago by 2009. However, central ministry leadership was thinly staffed at the headquarters level and struggled to respond quickly to issues or problems.

**Being adaptive, flexible, and iterative when implementing solutions.** Recruiting and retaining facilitators was especially difficult in serving remote, insecure, or especially poor areas. As an adaptation to some of the challenges, the program provided specialized training to generate the needed candidates. The program also established a certification program to make facilitator work more attractive as a career choice.