Making Services Work for the Poor:
Nine Case Studies from Indonesia
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Acknowledgements

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## Abbreviations and Acronyms

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<tr>
<td>AUSAID</td>
<td>Australian Agency for International Development</td>
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<td>BIGS</td>
<td>Bandung Institute of Governance Studies</td>
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<td>CBG</td>
<td>Community Block Grant</td>
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<td>CLCC</td>
<td>Creating Learning Communities for Children</td>
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<td>DFID</td>
<td>Department for International Development (UK)</td>
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<td>MSWP</td>
<td>Making Services Work for the Poor</td>
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<tr>
<td>NGO</td>
<td>non-governmental organization</td>
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<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WSLIC-2</td>
<td>Second Water and Sanitation for Low-Income Communities Project</td>
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Case Study Synthesis
Abstract

The nine Making Services Work for the Poor (MSWP) case studies synthesized in this paper reviewed innovations in service delivery at the local level in Indonesia in the wake of decentralization. It is hoped that this synthesis will be useful to donors and government in Indonesia and other countries interested in practical ideas for improving local service delivery. About half the cases focus on externally driven innovations; half were led by locals. The innovations in nearly all cases have made a clear positive impact on service provision and reached a total of at least half a million people. Research was based on semi-structured interviews and focus group discussions with approximately 600 people over 80 days of fieldwork in 25 villages and cities between February and April 2005.

Decentralization and leadership were found to be the key factors for success of innovative service delivery arrangements. Most of the innovations studied would not have been possible without the support of national-level laws and policies that devolved authority to the local level. The districts’ new power over finance and administration gave some local leaders the means to pay for locally conceived reforms without the need for external donors, giving a boost to the potential for financial sustainability from the start. Districts’ greater power made local politicians and citizens, as well as donors, more interested in good governance. The positive impact of the innovations is, however, threatened where local supporting laws and regulations are weak or lacking.

Innovations in service delivery were found to be dependent on local rather than external leaders, whether externally conceived and funded or not. Local leaders’ style, emphasizing personal involvement and flexibility, was key to their ability to ensure positive impact. Leaders built trust by raising awareness about the inadequacy of service delivery, by broadening their support among civil servants, and by working through local organizations and processes.

The financial sustainability of all six externally financed cases is in doubt, and locally conceived reforms that pass on substantial new costs to clients are also facing financial difficulties. Ongoing funding is assured in only two cases, where reforms were locally conceived, relatively cheap, and locally funded. None of the cases had effective data collection systems, making mid-course project adjustments to strengthen impact difficult. Inadequate information dissemination also likely reduced the impact of reforms. The cases show that impact can be stronger when service delivery innovations are implemented flexibly. In many cases, leaders developed new strategies to strengthen positive or reverse negative impact.

In the five case studies where the poor were not targeted, the poor were as likely to lose out as to benefit from service delivery innovations. In the four cases where the poor were a target group, impact on them was mainly positive.

Findings from the nine MSWP case studies underscore the importance of the following “best practices” for service providers and donors:

- Target the poor in service delivery projects to ensure they benefit.
• Invest in good information dissemination mechanisms to help build trust in service delivery projects.
• Support leaders within local government and local NGOs for service delivery reform.
• Ensure financial sustainability for service delivery projects.
• Ensure all service delivery projects include an effective monitoring component.
• Build flexibility into project rules to strengthen positive or reverse negative project impact.
• Assist in the implementation of local laws and regulations supporting reform.

Introduction

In January 2001, Indonesia decentralized the delivery of most government services to the district level. The center of gravity for innovation has thus shifted to the districts, where local governments now have much more autonomy to promote change (both positive and negative). In a country of 220 million people with about 440 districts and cities, this shift has created tremendous potential for innovative local approaches to government service delivery.

The World Bank’s Making Services Work for the Poor (MSWP) project aims to provide analytical support for the government’s efforts to improve access to and quality of basic services for the poor in the wake of decentralization. Its objectives are to summarize the state of basic service delivery for the poor in Indonesia, identify and analyze key factors that have an impact on current outcomes, and propose an analytical framework and practical steps for improving pro-poor service provision.

MSWP analysis bears some relation to the “Drivers of Change” approach (used by DFID in recent years) to understanding the factors that drive systemic socio-political change. “Drivers of Change” analysis focuses on agents, institutions, and structures. It aims to identify the opportunities, blockages, and underlying incentives that have an impact on pro-poor change. Despite its potential usefulness, however, the approach has not yet been widely disseminated or put into practice.

Meanwhile, none of the fairly extensive literature on decentralization in Indonesia has yet included an analysis of how localities use the new “space” provided by decentralization to plan and implement changes in service delivery.

The nine MSWP cases synthesized in this paper were undertaken to fill some of these gaps. They describe concrete actions taken to improve service delivery at the local level in the early days of decentralization, and provide an assessment of initial impact, factors that contributed to or reduced impact, and possible ways forward in terms of replication. It is hoped that this synthesis, which pulls together commonalities among the nine cases, will be useful to donors and government in Indonesia and other countries interested in practical ideas for improving government service delivery.

1 More information can be found at www.worldbank.or.id.
2 Dahl-Ostergaard, Tom et al., Lessons Learned on the Use of Power and Drivers of Change Analyses in Development Cooperation, DFID: Sussex (September 2005).
Summary of the Cases

The MSWP case studies were chosen from a number of candidates gathered by the World Bank from donors, non-governmental organizations (NGOs), and local government staff. Criteria for selection included a high possibility of improving basic service provision, ease of identifying and analyzing key factors in success, and reasonable chance of sustainability. The nine cases selected cover eight of Indonesia’s 32 provinces and urban areas. Five of the provinces have a lower poverty rate than the national rate of 16.7 percent (2004); and the remaining three have poverty rates of between 20 and 29 percent, much higher than the national rate. Half the district-level innovations highlighted were driven by external agencies, including the World Bank, UNICEF, USAID, and central government ministries, and half were led by locals, including district heads and local NGOs. Most innovations were paid for by both external and local sources; three were paid for entirely from local sources and only one entirely from external sources.

Research was based on semi-structured interviews and focus group discussions with a total of approximately 600 people. The views of at least 100 more people were incorporated into findings via research teams’ attendance at local meetings. Teams spent a total of 80 days in the field visiting about 25 villages and cities between February and April 2005.

The innovations in nearly all cases made a clear positive impact on service provision and reached a total of at least 500,000 people.

Tanah Datar (case 1) is a set of education reforms in West Sumatra, including smaller classes and stronger incentives for education staff. Under Tanah Datar, 4 percent of district teachers and 10 percent of district headmasters went on overseas exposure trips, and more than half the district’s senior high schools reduced class size. The motivation of school staff who went abroad under the incentives program increased, and teaching methodology and education services at the better schools improved. On the other hand, access to senior high schools was reduced for some children, mainly below-average students, and inequity between the better and lower-performing senior high schools increased.

Pemalang (case 2) was a health project in Central Java providing vouchers to poor pregnant women for midwives’ services. It greatly increased access of the poor to project midwives. During the project period, the number of district midwives doubled and midwives’ coverage of villages reached 95 percent. The project was discontinued when supplanted by a government health project.

CLCC (case 3) is an education project in West Sulawesi supporting active teaching and learning methods and stronger school staff. CLCC (Creating Learning Communities for Children) produced more active teaching methods and more

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3 BPS-Susenas Panel Modul.
5 This figure excludes beneficiaries of follow-on reforms, audiences of BIGS’ radio shows (about 250,000 people) and Boalemo civil servants’ clients (about 106,000 people). Some people counted as “beneficiaries” may not have taken advantage of reform benefits to which they were entitled.
involved parents and students, but only increased school management accountability where headmasters were supportive. Exam scores at project schools did not increase relative to non-project schools. Formal and spontaneous replication has brought CLCC methods to 35 percent of district schools, of which about one-third pay for CLCC-style activities entirely from their own budgets.

**BIGS (case 4)** is a local NGO working on governance in West Java, with a focus on budget transparency. BIGS (Bandung Institute of Governance Studies) has obtained and disseminated city budget information via books, posters and magazines, trained nearly 100 people including journalists, politicians and others in the use of the information, and raised citizens’ awareness about the importance of budget transparency. BIGS has empowered city parliament to strengthen its role as a check on the executive branch, resulting in reduced allocations to questionable budget items, and has brought a case of corruption against a previous parliament, though to date it has not made the city budget more pro-poor. A number of cities and NGOs have begun to replicate BIGS’ work.

**WSLIC-2 (case 5)** is a water supply and health project in East Java with an emphasis on community participation. WSLIC-2 (Second Water and Sanitation for Low-Income Communities Project) has so far increased villagers’ access to water in half the targeted villages in the district visited. Between 85 and 100 percent of villagers in project hamlets visited by the team have access to project water supply. Villagers have greater quality of life, healthier behavior, and a sense of ownership of the water supply systems.

**Jembrana (case 6)** is a district health insurance scheme in Bali. It has increased the access of the poor to health services because it covers private as well as public providers. The percentage of sick poor people seeking treatment increased from 29 to 80 percent during the scheme’s first year. There has been a large increase in the number of midwives in the district and an increase in both quality of and satisfaction with health services. Stricter referral standards have, however, meant that the poor may no longer receive primary healthcare from midwives and paramedics, who had been the first source of care for many rural poor.

**Blitar (case 7)** is a governance project in East Java providing community block grants for village proposals. Blitar communities are very involved in the process of project selection for annual allocations of between Rp. 3.6 and 6.1 billion (US$360,000-$610,000) worth of district funds; they make substantial financial and in-kind contributions to projects. It does not appear the poor benefit significantly from the project, other than from funding earmarked for slum housing.

**Maros (case 8)** was a governance project in South Sulawesi focused on community participation in planning and budgeting. Under Maros, participatory planning has been undertaken in 19 percent of villages in the district. Results have been mixed: more people have been involved in planning, but many others are unaware of the project or pessimistic about it. Women’s participation is still limited, and the plans’ impact on district planning is unknown. A large increase in 2004 district funding of village proposals is attributed to advocacy efforts of the local NGO champion, Forum Warga. The external funder, USAID, has ceased involvement in accord with its project schedule.

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6 Using an exchange rate of US$1 = Rp. 10,000.
Boalemo (case 9) is a set of governance reforms in Gorontalo focused on improving civil servant performance and accountability. It increased salaries of most full-fledged civil servants by as much as 80 percent, but civil servant performance improvements were only detectable in better attendance. The use of fines to improve performance suffered as there were no fines levied for poor quality services. The removal of allowances for most work-related expenses created financial hardship for some staff. However, transparency in bidding for lower-budget projects has improved, and citizens near the capital city have more opportunities to lodge complaints about poor services.

Limitations to the case studies. Several factors limited the research teams’ ability to analyze field data. No control case studies were carried out, and the sample size was small. Data were also often insufficient or lacking, and case study teams did not use standardized research questions. In particular, research on poverty and finances was uneven. The case studies were mostly done in parallel and thus team composition and skill sets varied. This was a primary factor in uneven results. Considerable effort was spent after the fieldwork to fill in missing data and standardize the presentation of results.

1. Decentralization and leadership were the key factors for success of innovative service delivery arrangements.

Most of the reforms studied would not have been possible without the support of national-level laws and policies that devolved authority to the local level. Indonesia’s economic and social crises of 1997 and 1998, including the fall of President Soeharto, culminated in the 1999 Law No. 22/1999 on Decentralization and Regional Autonomy, laying the groundwork for a dramatic program of administrative, financial and political decentralization. Beginning in 2001, a wave of national-level policies and laws was introduced to make the decentralization law a reality.

Impact of reforms in cases 3, 5, 6, 7, and 8 was inconclusive regarding: accountability of school management; villagers’ health; health workers’ interest in working in Jembrana; impact on poor communities; and type or amount of support for village proposals over time, and integration of village and district plans, respectively.
Major achievements notwithstanding, central government’s support for decentralization has been somewhat inconsistent, damaging both locally conceived and donor-driven reforms. The 2004 “recentralization” of health insurance for the poor has threatened Jembrana’s experiments in insuring citizens directly, while the abrupt ending of the central government’s experiment in allowing districts to recruit their own civil servants may have contributed to local apathy about civil service reform in Boalemo. Finally, despite the positive impact of the World Bank-funded midwives vouchers program in Pemalang (increased accountability of midwives and increased access to services for poor women), the program was cancelled when a national health care program supplanted it.

The districts’ new power over finance and administration gave some local leaders the means to pay for locally conceived reforms without the need for external donors, giving a boost to the potential for financial sustainability from the start. After decentralization, districts became the recipients of significant central government transfers (comprising about 80-90 percent of district resources) which they were then able to allocate as they saw fit. The Tanah Datar district leader (Bupati), for example, took advantage of his new power by cutting the number of district institutions from 22 to 8, netting a Rp. 10 billion (US$1 million) annual savings that he then used to pay for smaller classes and stronger incentives for teachers and headmasters. To pay for his new health insurance scheme, Jembrana’s district leader used payments from the central government’s insurance firm as well as annual savings of Rp. 2-3 billion (US$200,000-300,000) from converting clinics, reorganizing the district government structure, and laying off civil servants. In Blitar, district leaders realized a 20 percent increase in local revenues between 2002 and 2004 from bureaucractic reforms, which then went in part toward paying for their innovative Community Block Grant (CBG) Program. None of the locally conceived reforms highlighted in the three case studies mentioned above would have been possible without the financial and administrative latitude that decentralization gave to districts.

Decentralization’s extension down to the sub-district and village levels allowed reforms to be tailored to local conditions via new ideas, new groups, and greater citizen participation. In the CLCC case study, the national School-Based Management and Competency-Based Curriculum policies granted education staff the right to adjust their curricula to meet local needs better, and to plan, develop and manage their services themselves. Teachers began to generate new ideas tailored to local conditions, and a local school inspector designed a plan for headmasters and teachers to assess one another’s schools during regular Headmaster Working Group meetings. The national policy on community management of water supply created space for village management of water supply systems under WSLIC-2. Villagers themselves decide how many tanks to construct and where to put them to ensure coverage and accessibility, while locally elected Village Implementation Teams and Maintenance Organizations keep villagers closely involved in project implementation.

New groups find local solutions to local problems. The Maintenance Organizations of WSLIC-2 “manage to repair the water systems in ways that we had not considered. They use materials such as bamboo, plastic paint boxes, and wood to repair the infrastructure… Over a short period, the Maintenance Organizations have become more specialized than we [the project consultants]!”

In many of the cases, new groups were created that proved to be important for or even critical to positive impact. Most notably, BIGS was founded by an energetic and idealistic person at a time when political space had opened enough to enable him to “do something” about
low-quality governance in Bandung city. Local NGOs such as BIGS would have faced great political difficulty prior to decentralization.

Citizen participation was a critical element of WSLIC-2, helping to ensure the water systems’ sustainability, and by empowering some communities, has enabled them to improve other aspects of village life as well. Maros’ project hinged on local participation in planning—including more people in planning meetings and having them speak up were specifically required. In Boalemo, citizens living near the capital have more opportunities to lodge complaints now, and apparently do so more often. At least once, such a complaint has resulted in the firing of a corrupt official.

Districts’ greater power made local politicians and citizens, as well as donors, more interested in good governance. The new openness emboldened BIGS to bring a case of corruption against the city parliament. Blitar’s district head views the CBG program as an opportunity for local government to exercise its new authority and enable staff to develop their organizational and administrative capacities. In Maros, there was openness from the beginning to changing the traditional top-down relationship between government and citizens.

The impact of reforms is threatened where local supporting laws and regulations are weak or lacking. Because education reforms in Tanah Datar were not backed up by formal signed documents, school staff were freer to disregard them, and dissemination of information about them was inadequate. In Maros, where an expansive law on participatory planning was passed in 2003, lack of passage of implementation arrangements to date has perpetuated confusion over roles and responsibilities for implementing, monitoring, and paying for the mandated changes. In Boalemo, Regional Regulation No. 6/2004 on Transparency of Public Service in Governance, with progressive and clear implementing arrangements and sanctions, was passed in 2004, yet as of March 2006, no implementation decree had been passed. In Jembrana and Blitar, clients fear that minimal legal standing for the reforms (in both cases, merely a district leader’s decree rather than a district parliament-approved law) would allow a new district leader to dismantle the reforms when the current leaders’ terms of office expire.

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8 Focus group discussion with Kepanjen Kidul sub-district head and 7 urban village heads.
9 Maros was one of just 6 districts in which a participatory planning law was passed, out of similar efforts supported by USAID’s “Perform” project in 79 districts.
10 After a law has been passed in Indonesia, it usually takes about a year for implementation decrees to be issued.
Jembrana’s clear, enforced regulatory framework. The Jembrana healthcare scheme incorporates strict standards for medication, fees, services, and other variables to deter cheating. Between October 2003 and October 2004, managers handed down 40 rebukes among the 197 health-care providers, including thirteen contract suspensions of between one and six months. Enforcement of standards and cost control have led to improved service quality, and should contribute to financial sustainability and better health for the district population.

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On the other hand, where local regulations were established to support changes in service delivery, impact was strengthened. In WSLIC-2, water-use regulations have reduced the potential for conflict, increased ownership, and strengthened chances for technical and financial sustainability. In Blitar, a local regulation empowered the locally elected Village Community Empowerment Institutions to take authority over, and be accountable for, the use of local block grants. In Pemalang, the rule that only vouchers (not cash) could be used to pay midwives created stronger incentives for midwives to seek out poor clients.

Local leaders make the difference in water supply. In successful WSLIC-2 project villages, village leaders had already been highly involved in hamlet activities prior to project implementation and quickly became project supporters. Leaders helped convince villagers of the need for clean water supply and the potential of the project to provide it. Moreover, local leaders were instrumental in assuring villagers that they are capable of making required, and significant, contributions.

An even wider range of leaders could further increase impact. The indigenous leaders or nagari of West Sumatra traditionally command great authority. Decentralization has further increased their leadership powers. By not including the nagari in the Tanah Datar education reforms, an opportunity to increase understanding, ownership and impact was lost.

Innovations in service delivery were dependent on local rather than external leaders, whether externally conceived and funded or not. The district leader and other district government reformers were responsible for developing and implementing Tanah Datar’s education reforms, Jembrana’s health insurance scheme, Blitar’s Community Block Grant program, and Boalemo’s civil service reforms. BIGS was founded by a citizen who has been personally responsible for all BIGS’ work on budget transparency. CLCC and WSLIC-2 were reliant on other types of local leaders, including village heads and school headmasters.

Direct elections enabled a new group of self-motivated champions to climb to positions of authority. In the four cases where district heads were the drivers of reform—Tanah Datar, Jembrana, Blitar and Boalemo—they were also the first elected district staff. These leaders had reputations for focusing on the public interest: the programs that they promoted did not benefit them personally, and in most cases required that they spend political capital to reduce the number of government departments to help pay for reform. Also, none were traditional politicians—Jembrana’s leader is a medical doctor, Blitar’s mayor a former professor of public policy, and Tanah Datar’s a retired businessman who returned to his homeland in hopes of making a difference.

Local leaders’ style, emphasizing personal involvement and flexibility, was key to their ability to ensure positive impact. The Tanah Datar district head introduced change in a deliberately roundabout way, rather than
through legislation which he feared would not be as effective. BIGS’ leader used a trial and error approach to finding what worked. The Jembrana district leader provided the leadership that made the difference by championing the reform, speaking publicly, mustering support in parliament, and being personally involved in decision-making. Blitar’s mayor taught that “[t]he essence of the Community Block Grant program is social learning, not perfection; there is room for mistakes and to move forward.” Implementation of the Boalemo reforms was greatly aided by the district leader’s enthusiasm in opening his home to citizens and his willingness to listen. Of note, he was the first civil servant to have his travel allowances reduced following the incentives reforms he had pushed. The extent of impact on CLCC schools depended heavily on the leadership style of school headmasters. A more open and participatory headmaster was more successful at introducing reforms than an autocratic one.

Many leaders had a reputation for trustworthiness. Boalemo’s district head removed the fence around his home and invited citizens to come for morning coffee each day. He has published his own and his secretaries’ mobile phone numbers so citizens can call him to report on civil servant performance, and requires all high officials to post their salaries on their office doors! BIGS’ leader is well-known for his refusal to take or pay bribes expected by local government. WSLIC-2’s Maintenance Organizations gained trust as they were staffed by villagers and rapidly could prove their technical expertise.

Ironically, the very importance of local leaders makes their causes vulnerable. Tanah Datar’s district head lost his bid for re-election, and BIGS’ leader pledged to step down by the end of 2005 (though as of March 2006, he had not). In neither case is it clear that the leaders’ successors will be as committed to or as effective at promoting reforms. Boalemo’s district head is in effect a centerpiece of his own reforms: the main new channel for lodging citizen complaints is his house. Citizens who live too far away or are not aware of his comings and goings lose out. Other Boalemo reforms are also highly dependent on the district head’s presence: staff attendance at a clinic near his office improved, but at a clinic one hour away, it did not.

Do fully local reforms have a better chance of success than those with external drivers or funders? Both locally designed and locally funded cases—Tanah Datar and Blitar—have been fairly successful, the former in increasing motivation and performance of education staff and improving services at some schools, and the latter at increasing community involvement in project planning and selection for funding. Externally conceived and funded projects such as WSLIC-2, Pemalang, CLCC, and Maros are often designed in Jakarta and delivered to the district level as fully-formed projects with no local institutional base of support, which may sometimes lower their chances of high positive impact.
2. Ongoing funding for most reforms is in doubt.

Financial sustainability of all externally financed cases is in doubt. The financial sustainability of Maros, for example, is in doubt following the departure of USAID, the primary funder, though project costs are low (it would take about 5 percent of the district’s development budget to cover the rest of the district). Funding to continue CLCC after UNICEF support ends is also not assured. The CLCC district has paid to replicate CLCC in 70 new schools, and an additional 30 schools have adopted, and are paying for, a version of CLCC on their own, but in poorer schools and schools with less motivated headmasters, depending on “spontaneous replication” is unlikely to work.

Villagers pay, but financial sustainability and replicability are still in jeopardy. WSLIC-2 project villages must pay 20 percent of the cost of constructing water supply systems, plus monthly fees for maintenance. One village was so eager to get clean water that villagers raised 3.5 times the normal contribution to bring WSLIC-2 to their locality. Villagers there also voluntarily tripled the monthly maintenance fee when it became clear that the previously set amount would not cover costs. However, some unmotivated Maintenance Organizations are not bothering to collect fees; meanwhile, World Bank support for water supply systems in other villages is slated to end in 2006.

Locally conceived reforms that pass on substantial new costs to clients also face financial difficulties. Spending on Jembrana increased 2.5 times from 2003 to 2004, due mainly to inclusion of the non-poor in the health insurance scheme, while the district’s own-source revenues declined by 12 percent in the same period. Given the heavy dependence of the scheme on district funding, the district head has been forced to pass on some costs to clients via health cards that must be renewed annually. Not only is this method unlikely to close the funding gap, but it has begun to exclude a major target group of the scheme: the poor. The cost of education reforms in Tanah Datar was fairly low (about 1.5 percent of savings achieved through restructuring of local government), but the district paid most costs of sending school staff abroad for the first two years. Schools that wish to continue sending teachers and headmasters abroad (to Malaysia, Singapore and Australia) must now pay half the cost, likely passing some of this on to headmasters, teachers and School Committees.

Ongoing funding is assured in only two cases, where reforms were locally conceived, relatively cheap, and locally funded. Blitar’s block grant program has cost less than 2 percent of the city budget each year, while continued bureaucratic reforms have led to a 20 percent increase in the city budget between 2002 and 2004. Communities have contributed between 13 and 22 percent of the annual budget in cash, while local in-kind contributions represent another 5 to 10 percent of project values. In short, the program is relatively cheap, the funding source is increasing, and local contributions are significant. Boalemo reforms, though they have not been greatly successful, are not expensive, mainly involving reallocation of funds within a single department. However, the reallocating of work allowances has placed a financial burden on staff as some legitimate work costs are now no longer covered by district government.

11 Financial sustainability issues are moot for Pemalang, which was superseded by a government health insurance scheme and is no longer operational.
3. Efforts to build trust are hampered by inadequate information dissemination.

Leaders built trust by raising awareness about the inadequacy of service delivery. In Tanah Datar, Blitar, and Jembrana, reformist leaders made public cases for the urgency and importance of reforms, and by repeating the messages over and over, managed to put their reforms at the top of the political agenda. At the same time, they raised citizens’ awareness about the inadequacy of existing services.

Leaders built trust by broadening their support among civil servants. Jembrana’s leader appointed supporters to head local health clinics and engaged effectively with the local parliament. Blitar’s mayor promoted the most capable young bureaucrats to positions of greater authority and involves leaders at all levels in the project process. In Boalemo, where the reform environment is difficult, the district head has tried to build support among newer civil servants to counterweight the mindset of entrenched bureaucrats.

Time is money, but it’s worth the investment. Once prospective WSLIC-2 villages were chosen, project facilitators led villagers in needs assessments and explained the financial and time implications of project involvement. Villages still interested in the project thereafter were required to make community action plans. Facilitators led focus group discussions and village meetings to carry out social mapping exercises to fix construction and maintenance fees. Finally, action plans were evaluated by the Central Project Management Unit. Once accepted, villages were allowed to begin collecting contributions for construction.

Leaders built trust by working through local organizations and processes. Blitar’s Mayor uses the existing local planning process (Musrenbang) as the basis for his Community Block Grant program, with substantial villager involvement. Pemalang, after initially overlooking them, made the locally trusted sub-district health centers an integral part of the midwife vouchers project. CLCC worked through revitalized Teacher and Headmaster Working Groups and School Committees to improve education services.

Long lead-in times allowed trust to grow. CLCC required potential project schools to send their staff to formal training sessions and workshops, which helped inculcate the need for reform. BIGS tried out, and discarded, several approaches to improving service delivery over a period of about four years, before settling on one that exploits its strengths effectively, all the while building a reputation for honesty and excellence. Blitar’s Community Block Grant program was developed over a period of several years beginning with an “aspirations gathering” process to help local officials understand citizens’ wants and needs.

Service provider buy-in depends on partnering with the provider. Despite its education focus, CLCC bypassed the Department of Education, choosing the District Planning Agency as primary partner instead, as a result, there is very little buy-in from the Department of Education. Maros also seems to have bypassed the key provider for planning services—the district government—in favor of external consultants and a committed but elite, relatively unknown local NGO. Low provider buy-in is reflected in the district’s unwillingness to ensure funding for this fairly cheap program.

Anecdotal evidence suggests service provider buy-in. Tanah Datar teachers and headmasters returning from overseas were convinced that the district head’s goals for education reform were correct, and promoted many school-funded follow-on innovations such as travel rewards for math teachers. Blitar’s success has reduced initial resistance against it within government, while increasing the capacity
Anecdotal evidence suggests client buy-in. Clear benefits to clients generally resulted in a high degree of client buy-in. Pemalang mothers’ trust in project midwives grew as friends and neighbors who used their services reported “reduced pain and time in labor”; as their trust grew, so did their use of project midwives’ services. Blitar village meetings have “people flowing out through the door, and many sitting outside,” reflecting their belief that their attendance can make a difference. Tanah Datar parents took it upon themselves to continue raising money for teachers to take study tours overseas even after district funding for the initiative ceased. Though CLCC test results have not improved, better teaching methods have been popular with students and parents, for which the spontaneous adoption of CLCC methods by many schools is evidence. Lumajang water supply systems have had a clear positive impact on project villages—a likely explanation of villagers’ willingness to pay regular maintenance fees. Jembrana clients’ satisfaction with health services has improved—when asked how they would feel if the insurance scheme were discontinued, a women’s focus group exclaimed in unison, “No, no—don’t take it away!”

Maros clients, in contrast, perceived virtually no benefit from the project, seeing participatory meetings as “the same old thing” and feeling “hopeless and pessimistic” about the prospects for change. Not surprisingly, there was low enthusiasm for attending meetings and low awareness of the project among clients.

Parents flex their muscles. Since CLCC was introduced, parents have become more engaged in school activities, for example assisting in constructing washbasins for students and in painting the school—a task that in the past was only done when the District Bureau of Education decided to do it. Parents also made their voices heard during scholarship allocation, vetoing the headmaster’s choice because they knew the child in question was not very poor. The scholarship was subsequently reallocated.

Inadequate information dissemination likely reduced the impact of reforms. In Jembrana, few if any written materials were distributed to citizens that explained the program, leaving many to rely upon word of mouth or on ad hoc contacts with village leaders or health workers. Some poor people are unaware that they are eligible for free secondary and tertiary care, so do not take advantage of this service. In Blitar, there have been problems with transparency of block grant spending; while most citizens are satisfied with the overall program, few have access to budgets for the grant money spent in their areas. It is unclear in Boalemo if most citizens are even aware of the civil service reforms being undertaken there. In Maros, the participatory planning program in villages was poorly implemented in at least some of the six initial sites—in two out of three sites visited, most villagers did not even have a recollection of the planning process that had been undertaken in their village. Maros’ groundbreaking law on participatory planning has had limited impact in part because of citizens’ lack of awareness of the law and its provisions for participation in local planning. The Tanah Datar “Stronger Incentives” policy to send teachers and headmasters overseas was not widely disseminated, thus reducing transparency and impact. Schools which missed out tended to be lower-performing and remote schools. In Pemalang, overworked midwives were sometimes unable to fill their information dissemination roles, so poor women who should have accessed their services did not hear about the voucher scheme.
On the other hand, CLCC reached even poor parents because it used many routes to disseminate information, including formal methods such as School Committee meetings and informal methods such as radio programs and students’ chats with their parents. BIGS, whose mission is itself information dissemination, uses many routes: training sessions, workshops, books, posters, journals, the press, and the radio.

4. Impact can be stronger when reforms are implemented flexibly. In many cases, new strategies were developed to strengthen positive or reverse negative impact. Tanah Datar’s Smaller Classes policy had the perverse impact of reducing access to education for some, as it was not initially accompanied by funding for an increase in the number of actual classrooms. In an initial effort to address this problem, the district government built three new schools between 2003 and 2005. BIGS’ initial use of a “report card” exercise to get feedback on service delivery fell on the deaf ears of service providers. Its willingness to be flexible about how to achieve its mission of improving governance enabled it to go through several more iterations before finally identifying a practical aim in working toward budget transparency. BIGS gained a lot of positive publicity when it shifted gears from merely publicizing information about irregularities in the 2002 district budget, to actually bringing a case against district parliament for corruption. Pemalang district staff were intent on maintaining the access of low-income pregnant women to project midwives’ services following the technical end of the project, and decided to continue the voucher scheme for one year. In Lumajang, language was initially a problem for project facilitators in communicating with villagers, but a facilitator skilled in the local Madura language was hired who was able to address this issue. Annual revisions of Blitar’s Program Guidelines allowed many changes in implementation, including the establishment of Independent Monitoring Teams and limiting the amount of funding that could be spent on “non-productive” infrastructure projects. Jembrana introduced coverage for child delivery services and reduced service reimbursement rates. Boalemo’s district head, realizing the negative financial impact on staff of his removal of most allowances for work expenses, reintroduced “specialized allowances” which partially resolved the problem.

WSLIC-2 villagers, allowed to set payment schemes for their Maintenance Committees, have sometimes inadvertently reduced the Committees’ motivation by choosing to pay members only when there are problems to be fixed. Financial shortfalls in Jembrana were the genesis of a new registration scheme—useful to address the budget gap but with a negative impact on access of the poor to healthcare. Maros significantly altered its initial plans for...
participatory planning soon after implementation in the first 6 (of 20) villages, shortening the process from 5 to 2 days per village and giving up on the use of villagers as planning facilitators.

5. **Inadequate data collection limits impact.**

None of the cases had effective data collection systems, making mid-course project adjustments to strengthen impact difficult. For example, difficulties in identification and quantification of the Pemalang target group (poor women) probably reduced access to project midwives for some of the poor, but inadequate collection and analysis of data makes it impossible to know to what extent the target group was actually reached. Blitar project data collection is also inadequate to quantify project impact, such as which grants have been most effective. Very limited data on Maros funding and impact makes it impossible to gauge success to date, in particular any linkage between efforts at local planning, the quality of these efforts, and resulting fund allocations from the district. CLCC indicators appear to be lacking, yet without appropriate and appropriately-measured indicators, adjusting the project to strengthen impact is difficult. Inadequate baseline information and monitoring makes assessment of WSLIC-2’s impact on health difficult (project managers only began to collect health information in a structured way five years after implementation began). Jembrana includes no regular data collection and analysis on such key topics as how many of the poor are actually registered in the health insurance scheme.

6. **The poor are more likely to benefit from improvements in service delivery if they are targeted.**

In case studies where the poor were not targeted by reforms, they were as likely to lose out as to benefit. Tanah Datar’s Smaller Classes and Stronger Incentives policies had the unforeseen impact of reducing the number of places at the better senior high schools, effectively reducing poor students’ access and increasing inequity among schools. CLCC, though not poverty-targeted, still had a positive impact on poor students, but it was weaker than impact on better-off students. Local NGO BIGS has not tailored any of its budget transparency work to the poor, despite its overall goal of making the district budget more pro-poor. In Maros, some poor people, like other villagers, are now involved in local-level planning for the first time, but coverage is patchy. In Boalemo, increased opportunities for citizens to register complaints about civil servants do not extend to remote and poor areas.

In the four cases where the poor were a target group, impact on them was mainly positive. Pemalang’s healthcare vouchers clearly increased access of the poor to midwives’ services. WSLIC-2 water supply systems in the poor district of Lumajang clearly increased villagers’ access to water and improved their livelihoods. Jembrana health insurance clearly increased access of the poor to health services. Blitar’s CBG program requires sub-districts to support slum housing which benefits the poor.
Even in these cases, however, the positive impact was limited. In Pemalang, difficulties in identifying the poor, disseminating information to them, and monitoring their access probably reduced impact. In WSLIC-2, some poor villages were not considered for project inclusion because of low density populations, distance from project villages, or other factors that would have increased project cost. In Jembrana, cost overruns—caused in part by inclusion of non-poor clients in the scheme—led district officials to introduce re-registration requirements for the health insurance scheme that some poor find too costly; as a result, membership of the poor in the scheme has dropped by more than 50 percent. In Blitar, while there is a pro-poor funding bias in some sub-districts, there is no data to show whether this is accompanied by positive impact on the poor.

<table>
<thead>
<tr>
<th>Case</th>
<th>Targeted the poor?</th>
<th>Impact on the poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pemalang</td>
<td>Yes</td>
<td>+ Increased, though varying, access of the poor to midwife services</td>
</tr>
<tr>
<td>WSLIC-2</td>
<td>Yes</td>
<td>+ Improved quality of life and increased access to water supply</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Some poor villages excluded because of distance or other considerations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- High tank-to-household ratios may reduce access of poorer households</td>
</tr>
<tr>
<td>Jembrana</td>
<td>Yes</td>
<td>+ Greater access to health services for the poor, especially members of the insurance scheme</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- New registration system and scheme’s flexibility may have reduced access of the poor</td>
</tr>
<tr>
<td>Blitar</td>
<td>Yes</td>
<td>+ Increased funding for slum housing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>? Pro-poor funding bias in some villages, but implications of this for the poor are unknown</td>
</tr>
<tr>
<td>CLCC</td>
<td>No</td>
<td>+ More active teaching methods, greater student and parent involvement among poor and non-poor</td>
</tr>
<tr>
<td>Maros</td>
<td>No</td>
<td>+ Inclusion of the poor in some village planning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Exclusion of some poorest hamlets in village planning</td>
</tr>
<tr>
<td>Tanah Datar</td>
<td>No</td>
<td>- Decreased access to senior high school for some poor students; especially in remote areas, increased costs for some poorer schools</td>
</tr>
<tr>
<td>Boalemo</td>
<td>No</td>
<td>- Exclusion of the poor from opportunities to lodge complaints about civil servants</td>
</tr>
<tr>
<td>BIGS</td>
<td>No</td>
<td>* None</td>
</tr>
</tbody>
</table>

12 Jembrana health insurance was set up to provide all citizens with healthcare; the poor were targeted inasmuch as they are Jembrana citizens, but ensuring benefits to the poor was not the most important aspect of the program.
7. **Most cases’ sustainability is threatened by problems with partners, leadership, and funding.**

CLCC sustainability is threatened by partnership with the District Planning Agency rather than the District Education Department, and by unsure funding for schools with poorer parents and unsupportive headmasters. BIGS’ sustainability is threatened by the founder’s plan to step down. The new leader will have to be equally talented and inspirational. Maros, too, does not appear to be sustainable, though very limited availability of some key data leaves this open to question. The district’s reluctance to commit and disburse necessary funds, despite the low cost of the program, means financial sustainability is not assured. Dependence on a single champion—local NGO *Forum Warga*—which is relatively unknown at the village level and has institutional limitations of its own, reduces prospects for institutional sustainability. Finally, limited villager involvement (in what is ostensibly a villager-focused participatory planning project) weakens chances of social sustainability. WSLIC-2's sustainability is unknown. While locals’ sense of ownership of water supply systems increases possibilities for sustainability, the systems in the visited areas have been operational for a maximum of two years, and two systems have been operational for less than one year—not long enough to prove sustainability. Moreover, evidence from one village indicates that only major changes, such as ensuring maintenance fee collections and finding substitutes for external facilitators, will ensure sustainability.

Jembrana is unlikely to be sustainable. District spending on the health insurance scheme is increasing rapidly, in part because of the inclusion of non-poor clients. As a result, officials are exploring self-financing mechanisms which threaten to exclude some poor. Inadequate investment in the administrative framework and the scheme’s uncertain legal basis also reduce sustainability. The fact that the Jembrana district head was reelected in 2005 may, however, increase chances of political sustainability of the scheme.

In contrast, Blitar appears to be sustainable from all points of view. Community members feel that technically, Block Grant-funded projects have been more efficient and higher quality than previous government-led projects. Because of its integration with the pre-existing planning process and with local organizations, as well as government staff’s growing acceptance and support, the program is institutionally sustainable. The 2005 reelection of Blitar's mayor indicates political sustainability. Social sustainability is assured with communities' high level of involvement financially, during planning and during implementation, as well as through the flexible way the district head has allowed implementation to proceed. Finally, financial sustainability seems assured by the program's low cost, fully local funding, and increases in that funding source (the district budget). Insecure legal footing is the only threat to overall sustainability.
8. Looking forward: using MSWP findings to strengthen service delivery elsewhere.

Target the poor in service delivery projects to ensure they benefit.

The cases demonstrate that the best way to ensure the poor benefit from reforms is to target them.

Even in ongoing service delivery projects which do not target the poor, however, mid-course project adjustments can be made to mitigate negative impact and strengthen positive impact on the poor. In Tanah Datar, for example, more funds could be provided for extra teachers and classrooms to accommodate student spillover from limited-numbers classes in poorer areas, reducing competition for places that may be squeezing out poorer students. In CLCC, outreach methods tailored to the needs of poorer parents could be deliberately (rather than unintentionally) incorporated into school-by-school implementation. BIGS could implement targeted activities such as a budget information poster tested on poor citizens, or workshops designed to accommodate poor citizens, perhaps leading more rapidly to pro-poor results.

Invest in good information dissemination mechanisms to help build trust in service delivery projects.

The cases show that inadequate information dissemination likely reduced the impact of reforms by reducing the target audience’s awareness of, and ability to make use of, reforms. This was the case in Maros, Boalemo, Tanah Datar, and Pemalang. For instance, lack of written materials forced Jembrana citizens to rely upon word of mouth or personal contacts with local leaders to get information about potential project benefits. In a self-perpetuating cycle, low buy-in reduces the potential for effective information dissemination (as happened in Boalemo), and less effective information dissemination can further lower local buy-in. A relationship of trust and good information dissemination go together.

There are many options for improving dissemination of information, including putting more of the information in writing via legal documents or newsletters, sending information via local leaders, and broadcasting information on radio or television or reporting it in newspapers.

Notably, information about CLCC reached even poor parents because it used many routes to disseminate information; BIGS, whose mission is itself information dissemination, also uses many routes. The lesson: use many approaches to spread the word.

Lack of transparency about budgets, even in projects which highlight citizen participation (Blitar), is common. Financial transparency should be one focus of information dissemination efforts.
The cases show that innovations in service delivery were dependent on local rather than external leaders, whether externally conceived and funded or not. Systematically search for and identify potential leaders in service delivery reform, including “alternative” leaders such as school inspectors, older teachers, School Committee heads, traditional birth attendants, and informal village leaders. Search tools could include direct calls, questionnaires sent to national line ministries or the Association of Bupatis (district heads), and surveys of NGOs and donors. Provide leadership training.

Support existing leaders interested in doing service delivery better. Most case study innovators could benefit from assistance with implementation, publicizing reforms, getting feedback, and measuring impact. For example, Maros leaders could benefit from assistance in linking village and district plans and budgets. Perhaps reward successful innovations with awards and publicity to demonstrate the development community’s support for new or unusual work, thus mitigating resistance from the established order. Make legal space for innovation, such as via a “pilot program exception” rule that would enable district-level experimentation, even if it conflicted with national law.

Ensure projects that use external leaders have a plan to minimize dependence on them, and to hand over to prepared local leaders when external support ceases.

The cases show that ongoing funding for most projects, including all externally financed projects, is in doubt. Financial sustainability is intimately linked to social sustainability: participation requires that people believe their involvement today will be rewarded with better outcomes tomorrow. Ensure financial sustainability for donor-supported work following donor withdrawal by incorporating it into a project’s planning and decision-making structures.

Support reformers to ensure financial sustainability of service delivery reforms. Assist them in exploring self-financing options (and their potential negative impact), improving their financial planning skills, increasing local government revenue, and planning for rationalization of local government to reduce costs.

Provide long-term untied core funding for local government and local NGOs that is results-based rather than project-specific or time-bound. By its nature, governance reform does not generally produce immediate results. Worse, in the short term it tends to alienate the political elite by insisting that they change their behavior and make themselves more accountable to the public. Funding governance reform must reflect reality: results take time.

Promote low-cost reforms: relatively inexpensive reforms (such as CLCC or Blitar) will have a better chance of garnering local political support, as well as interest from other localities in replicating them.

Consider lower-cost alternatives: in Tanah Datar, staff could have been sent on study trips to centers of training and
educational excellence within Indonesia to cut costs. In CLCC, low-cost substitutes for materials that currently must be purchased may be available.

Consider project activities that reach more clients with little or no extra costs (the “ripple effect”). Tanah Datar’s “ripple effect”, for example, could be strengthened by ensuring that lessons learned on overseas study trips are passed on to those who stayed at home.

Don’t skimp on the basics: investment in administration and management can go a long way. Jembrana’s management staff are terribly overworked; an increase in staff numbers alone could help to resolve the three-month delay in reimbursements to providers—a delay that could be affecting provider performance.

Ensure all service delivery projects include an effective monitoring component.

One thing that has not benefited from decentralization is data collection. Past systems that had been managed at the provincial level have been abandoned, and have not yet been replaced by systems at the new functional local level of government—the district. Indeed, none of the cases had effective data collection systems, making mid-course project adjustments to strengthen impact difficult.

Getting the indicators right is crucial. What is high-quality education, for example? Major stakeholder groups should be canvassed for their own definitions of key variables. Process variables (such as a participatory School Committee) may turn out to be as important to impact as outcome variables (such as higher exam scores).

Collection and use of the indicators is equally crucial. As with many projects, data collection on Blitar appears to be inadequate to demonstrate project impact, and thus inadequate to serve as a basis for program improvements. If, for example, one goal of the program is to increase community participation in development activities, then regular program monitoring should include data collection about what types of groups (women, the poor, the elderly, children, small business owners, local elite, et cetera) are participating, at what stages (proposal, planning, selection, implementation, funding, monitoring, managing), where (from more urban areas, from more rural areas), how (speaking in meetings, speaking to local officials, attending meetings), and how often (once, regularly, at night, et cetera). Only accurate and well-analyzed data on topics relevant to program goals can help to revise program design for greater effectiveness.

Monitoring systems should also ideally collect information on control locations, where socio-economic variables are similar but the reforms in question are not being undertaken.

Build flexibility into project rules to strengthen positive or reverse negative project impact.

The cases show that strategies can be developed to strengthen positive or reverse negative impact if program
rules are flexible. For example, projects consisting of modules that can be added or subtracted depending on local conditions could be more effective than a rigorously planned model, as long as all modules are geared to the ultimate project aim. In CLCC, though the School-Based Management component was not effective in one school with an unsupportive headmaster, the Active, Joyful, Effective Learning component still made an impact on students, teachers and parents—clear progress toward the CLCC goal of improving education quality.

**Assist in the implementation of local laws and regulations supporting reform.**

The cases show that the impact of reforms is threatened where local supporting laws and regulations are weak or lacking. Passage of progressive local laws may have only minimal impact without the accompanying implementation regulations. Maros' law on citizen participation, for example, has not yet had a major impact on the population. Boalemo's transparency law is very progressive on paper, but only its implementation will determine whether it actually increases government accountability. Designing and passing implementation regulations is key to creating a local legal environment that is supportive of service delivery reform.

**Replicate successful service delivery innovations.**

Service delivery innovations that have already been replicated locally are a good bet. At least four other civil society organizations have already taken advantage of BIGS’ training and information services to explore and work on budget transparency, while citizens from other cities have also begun to pressure their governments to publish their budgets. CLCC has spread both formally, to 70 new schools in 2004 alone, and spontaneously, to another roughly 30 schools. Counting spontaneous adoption, CLCC now reaches nearly 35 percent of primary schools in the district visited. Even after the technical end of the Tanah Datar education reforms, 150 Tanah Datar teachers in 2004 alone applied for and received partial funding from the District Education Bureau for learning trips to Malaysia, and even more applied for support in 2005.

Service delivery innovations with high follow-on impact (increasing the number of beneficiaries without increasing costs) are another good bet. Tanah Datar reforms spawned unplanned follow-on changes at some schools such as sending supportive School Committee members to Jakarta for peer exchanges, and School Committee awards for high-performing teachers. A creative follow-on change spawned by CLCC was the inauguration of a school radio program featuring information on homework assignments and showcasing students’ good work. One WSLIC-2 village copied the water supply maintenance fee system to collect payments for the construction of 2 km of local roads. In another village, the Maintenance Organization has planned to construct toilets for every household.
Service delivery innovations with a high probability of being sustainable also merit support. Blitar’s positive impact on community involvement in planning, in addition to its favorable prospects for technical, institutional, social, and financial sustainability, make it a project well worth further study and replication.

Use MSWP results to advocate for a policy environment at the national level that is supportive of local-level service delivery reforms.

A predictable regulatory framework is important for local leaders. Though the national policy environment is, overall, very supportive in Indonesia, inconsistencies in implementation of decentralization policy still reduce the impact of local service delivery innovations. Both the Jembrana and Pemalang cases illustrate ways in which national health programs may kill promising local-level efforts to expand access to and quality of health care for the poor. Boalemo’s leader, full of enthusiasm for the central government’s 2003 decision to allow districts to begin recruiting civil servants themselves, made great efforts to ensure the recruitment process would be as transparent as possible. A year later, the central government stopped the experiment. Many districts perceived this move as a reflection of the central government’s half-heartedness in embracing decentralization.
# Annex: Case Study Innovators and Funders

<table>
<thead>
<tr>
<th></th>
<th>Innovator(s)</th>
<th>Funder(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tanah Datar</td>
<td>Local: District head</td>
<td>Local: District, schools, School Committees and headmasters</td>
</tr>
<tr>
<td>4. BIGS</td>
<td>Local: BIGS founder</td>
<td>External: Ford Foundation</td>
</tr>
<tr>
<td>6. Jembrana</td>
<td>Local: District head</td>
<td>External/local: District, central and provincial subsidies, P.T. Askes (state-owned insurance company), clients</td>
</tr>
<tr>
<td>7. Blitar</td>
<td>Local: City leaders</td>
<td>Local: District, communities</td>
</tr>
</tbody>
</table>

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13 Promised World Bank support has yet to be disbursed.
Making Services Work for the Poor: Nine Case Studies from Indonesia
Case Study 1:
Smaller Classes and Stronger Incentives
in Tanah Datar District, West Sumatra
Abstract

In February and March 2005 research was carried out in Tanah Datar District, West Sumatra province, Indonesia for one of nine case studies in support of a World Bank analytical project, “Making Services Work For the Poor.” The objective of the case studies was to illustrate the impact of service delivery innovation on (a) stakeholders’ behavior and (b) access to and quality of the service. The Ash Institute of Democratic Governance and Innovation, at the John F. Kennedy School of Government, Harvard University, in collaboration with the Ford Foundation International Innovations Liaison Group, has served as a partner in this project. Two innovative education policies are highlighted in this case study: the Stronger Incentives Policy, which rewarded best-performing English teachers and headmasters with training and study visits overseas, and the Smaller Classes Policy, which limited class size in senior high schools to 30 students. As a result of the new policies, over 70 school staff were sent overseas, all public (but not all private) senior high schools, as well as some junior high and elementary schools, have cut class sizes. Key changes in attitude and behavior included increased motivation to do better work on the part of English teachers and headmasters, changes in teaching methodology on the part of some English teachers, increased interest in student performance on the part of teachers and headmasters, increased support for the Bupati (governor) by those who benefited from the policies, and an increase in reform mindedness of government education and school staff. Access to senior high school education decreased for some children. Changes in quality of education included improved teaching skills at the better schools, and broader educational offerings and better facilities at better schools. There was, however, an increased financial burden on some schools and parents, and an overall increase in inequity among schools. Key to the positive impact of the reforms were changes in national government policy, the vision, imagination and leadership of the Bupati, and effective policy implementation. Factors which limited positive impact included inadequate dissemination of the new policies, lack of follow-up from study trips, the decision not to legalize the Stronger Incentives Policy, insufficient numbers of classrooms, and limited targeting of the poor and disadvantaged.
Introduction

As part of its mandate to alleviate poverty in Indonesia, the World Bank is undertaking analysis regarding “Making Services Work For the Poor.” This work aims to promote better services, especially for poor and disadvantaged people. Nine case studies from a wide range of sectors were commissioned by the World Bank to illustrate the impact of service delivery innovations on (a) stakeholders’ behavior and (b) access to and quality of the service. The Ash Institute of Democratic Governance and Innovation, at the John F. Kennedy School of Government, Harvard University, in collaboration with the Ford Foundation International Innovations Liaison Group, has served as a partner in this project as part of its research into public sector innovation and innovation’s role in fostering good government and more democratic governance.

The case studies were chosen from among the many innovative practices seen in much of Indonesian local government in recent years, through a competitive outreach process managed by the World Bank. Donors, non-governmental organizations, and local government staff were contacted and encouraged to submit proposals regarding innovative pro-poor service delivery work that they either were undertaking or knew about. Tanah Datar’s education reforms touch upon two themes central to making services more pro-poor: improved performance and accountability of local government service providers, and reform of government personnel policies. Hence its selection as one of the case studies.

The Study Site: Tanah Datar

Kabupaten Tanah Datar (Tanah Datar District) is one of the smallest of the 16 districts in West Sumatra province, Indonesia. With a population of 330,000, all from the Minangkabau ethnic group, residing in its 14 sub-districts, Tanah Datar has the highest population density in the province. In addition to their native language of Minangkabau (Arab Melayu), the overwhelming majority of the people also speak the national language, Bahasa Indonesia. As elsewhere in the province, Islam is a very important part of people’s daily lives. Unique to West Sumatra is the ethnicity-based village government system known as nagari. The nagari is a unit of people, usually of the same ethnicity, who represent the community. Cultural ties forge a strong bond between villagers and the wali nagari (nagari head); consequently, the wali nagari’s recommendations tend to be supported by local community members. Following decentralization in January 2001, the nagari began to receive more authority and started to become involved in ensuring villagers’ rights.

Tanah Datar, a primarily agricultural district, has a poverty rate of just 12 percent, well below the national average of 17 percent\(^\text{14}\). Access in the district is generally very good. All sub-districts (kecamatan) and villages can be reached by road; even sub-villages have fairly well-paved roads. Four of the 14 sub-districts, however, are relatively distant from the district town.

\(^{14}\) Annual national socio-economic survey (SUSENAS) data.
**Education in Tanah Datar**

**The numbers**

Education in Tanah Datar is provided through eight different types of schools: pre-schools, public elementary schools (SD); Islamic elementary schools (MI); public junior high schools (SMP); Islamic junior high schools (MT); public senior high schools (SMA); Islamic senior high schools (MA); and vocational schools.

Data from the District Education Bureau reveals an upward trend in the number of students graduating from senior high school (SMA) school, from 89 percent in school year 2002/2003 to 94 percent in 2003/2004.

Standardized national school-leaving exams (UAN) are held annually for the three education levels in Indonesian, English and mathematics.

**The Players**

With the January 2001 decentralization of many services, the district government has taken control of education under the leadership of its Bupati (governor), Mr Masriadi. Other key players in the education sector include government staff from the District and Local Education Bureau (dinas pendidikan), the Office of Religion (kantor agama, in charge of Islamic schools), and the Office of Information (dinas informasi dan komunikasi, in charge of the dissemination of education policies), School Committee members (all elected; they include parents, local elite, teachers from other schools, nagari members, and local businessmen), teachers and headmasters from the 608 public and private schools; and the 74,193 students and their parents. The Minangkabau people are known for their concern for education, and are not reluctant to travel to neighboring districts or even further for education if their resources allow. Finally, the nagari play an important informal role in supporting local schools, for example assisting them to get funding from the Education Bureau.

**National policy reform**

The government focused on two policies it deemed crucial to the success of national education reform: establishment of more representative and accountable School Committees (SCs), and the relaxing of the rigid centrally-set curriculum. Accordingly, in 2002 the Minister of National Education issued Decree No. 044/U/2002 which replaced the old Parents’ Associations (Badan Pembantu Penyelenggara Pendidikan or BP3) with SCs in all schools, both religious and secular. The end goal was to improve teaching quality, and the decree aimed to do this by greatly increasing community input into, and oversight of, school affairs, making the SCs a potentially key player in education throughout Indonesia. SCs were given responsibility for and authority over ensuring additional funding for schools, managing school year plans, and monitoring school quality.

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15 Islamic schools can be either public or private.
16 District Education Bureau 2004.
17 Tanah Datar District Education Bureau.
18 Law No. 20/2003 regarding the National Education System (SISDIKNAS); article 56
19 The decree also introduced the Education Council, a district-level agency to facilitate community input into district-level education policies.
The second policy, which has not yet been formalized, is the Competency-Based Curriculum. Under this experiment, the rigid curriculum mandated by the national government was relaxed, and individual schools were allowed to offer courses as they see fit. For example, in Tanah Datar, the District Education Bureau began to encourage the study of Minangkabau culture, Arab Melayu (the regional language), and English.

The government conducted pilot projects on CBC in selected regions starting in 2002, expanding in 2004 to the entire country.

**The Innovations: Smaller Classes and Stronger Incentives**

Tanah Datar has become well-known nationally and in the development community for its widespread reforms in public service provision following the 2001 implementation of decentralization. Many new education policies were promulgated, including the formation of a special high school for gifted students, the transfer of good headmasters to lower-performance schools, the introduction of a six-day work week for teachers, and funding for drop-outs from remote and poor areas to re-enter school. Two of these innovative policies are highlighted in this case study.

The *Stronger Incentives Policy*, implemented from 2002 to 2004, rewarded best performance of English teachers and headmasters by a trip abroad, to Australia for one week of English training or to Malaysia and Singapore for school visits. The aims of the policy were to increase teachers’ motivation to teach well, to provide teachers with examples of new teaching methods, and to convince teachers and headmasters of the need for education reform. Specifically, the Bupati wanted school staff to return from their trips convinced of the importance of offering courses in English and computer skills, limiting class size to 30 students, imposing discipline, and improving teaching quality. This policy is noteworthy as international travel rewards for teachers are very unusual in Indonesia; teachers viewed the rewards as an extraordinary opportunity.

Under the *Smaller Classes Policy*, a limit of thirty students per senior high school (SMA) class was imposed beginning in school year 2003/2004. This policy aimed to strengthen the bond between teachers and students and to focus teachers’ attention on student performance. Previously, classes had each often contained over 40 students.

**The Research Questions**

This case study sought to answer three questions:

1. What impact have the two innovative policies had on the performance and behavior of teachers and headmasters?
2. What impact have the two innovative policies had on the quality of schools and access to education?
3. What impact have the two innovative policies had on the potential for continued reform, in terms of education staff behavior and willingness to take risks?
Methodology

The research team spent ten days in Tanah Datar visiting seven schools in three sub-districts (Batipuh, Batipuh Selatan, and Batusanggkar). The schools included three public elementary schools (SDs), two public junior high schools (SMPs), and two public senior high schools (SMAs), of which two, one and one respectively were in remote sub-districts. One of the SMPs visited is Islamic. Sub-district selection criteria included: a relatively high poverty rate; a limited number of schools; and SMA students from neighboring sub-districts without SMAs. School selection criteria included being known as one of the best schools in the sub-district and having a staff member who had been sent abroad.

Focus group discussions and semi-structured interviews were carried out with about 55 people including 7 students, 35 teachers, and 12 parents (all selected randomly), seven headmasters, one wali nagari, seven School Committee representatives, members of the District Education Bureaus, four staff of the sub-district Education Bureaus, staff of the Offices of Information and Religion and the Departments of Social Welfare and Community Welfare, the Bupati’s office, and the Bupati himself.

The following hypotheses were tested during the fieldwork:

**Hypothesis 1:** The Stronger Incentives Policy has increased the motivation of those who went abroad but has decreased the motivation of those who did not.

**Hypothesis 2:** Due to the Stronger Incentives Policy, the quality of already higher-performance schools has increased, which has increased inequality between schools (in terms of teaching quality).

**Hypothesis 3:** The increased focus on student test scores and limit on student enrolment in SMAs have reduced access of the poor and lower-performing students to education.

**Hypothesis 4:** As a result of the Bupati’s innovative education policies, Government education staff, headmasters and teachers are now more likely than in the past to conceive and implement their own innovations for higher-quality teaching.
**Findings**

The two innovative policies highlighted in this case study were both personal initiatives of the Bupati. Two themes of his leadership have been increasing the quality of public services and eradicating poverty through increasing local revenue. The Bupati sees education reform, and a subsequent increase in the local skilled labor force, as a key way to increase local revenue and thus reduce poverty. Following decentralization, the Bupati tried through discussion to convince different players of the need for education reform but was not overly successful. Thus, he conceived the Stronger Incentives Policy, in hopes of convincing people by example.

### Implementing the Reforms

**Playing by the rules**

Under the Stronger Incentives Policy, rewards in the form of trips abroad were given to English teachers and headmasters. Only schools with the highest absolute scores were rewarded. To increase the total number of winners, rewards were also given to the headmaster from the highest-scoring school in each sub-district. The best English teachers from each junior and senior high school were given English training by the district, based on the headmaster’s opinion, and then tested; the best two teachers of each training were rewarded. Only teachers 45 years of age and under were, however, eligible, in an attempt to lengthen institutional memory of trip benefits.

The simpler Smaller Classes Policy has no rules other than the requirement that all SMA classes be limited to 30 students each. Schools which have not yet implemented the policy receive a letter of warning (surat teguran). However, most schools already have implemented it.

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20 Support by the head of the District Education Bureau was necessary but the vision did not come from him.
Paying for the changes
Additional money was needed to pay for the new policies. In 2001, the Bupati cut the number of government institutions from 22 to 8, thus saving approximately Rp. 10 billion (about US$1 million) annually. The savings were targeted at public sector improvements, including education.

The cost of rewards for English teachers was fully paid by the district government, while headmaster rewards were evenly split between the district and the school. Some schools covered reward expenses from the School Committee budget, while others required headmasters to contribute—a hardship as headmaster salaries are about US$60 per month. Headmasters who went to Malaysia and Singapore reported that the schools’ share for their trip was approximately Rp. 2 million (about US$225). District costs were Rp. 9 million (about US$1,010) per person for trips to Australia and Rp. 2 million for trips to Singapore and Malaysia. In the first year, 26 headmasters went to Malaysia and Singapore, and 11 government staff and headmasters went to Australia, so district government spending for trips during that year was about Rp. 150 million, or only 1.5 percent of the district government’s annual savings.

After the end of the Stronger Incentives Policy in 2004, no performance-based rewards were given out. However, those schools that can afford to pay half the costs of trips abroad for their staff are still eligible for matching funds from the district.

To pay for the Smaller Classes Policy, school fees were increased. No other costs were associated with this policy.

Spreading the word
The Stronger Incentives Policy was not widely disseminated within the district, significantly decreasing transparency and impact. Teachers in some areas were unaware or unsure of the criteria for receiving rewards. News traveled mainly informally, by word of mouth, only broad details of the policies were communicated on paper.

So, What Happened?
Outcomes
During the two years of implementation of the Stronger Incentives Policy, eight government staff and 69 school staff were sent to Australia or Malaysia and Singapore for exposure trips and training, of whom 81 percent were teachers and the remainder headmasters. This represents coverage of 4 percent of teachers and nearly 10 percent of headmasters in the district.

Meanwhile, all public and some private SMAs have implemented the Smaller Classes Policy. The better SDs and SMPs have begun to follow suit although they are not so required.

In 2004, Tanah Datar received an award for having the highest national exam scores in the province in school year 2003/2004.

21 Interviews with headmasters and teachers.
**Changes in attitude and behavior**

**Increased motivation to do better work** on the part of English teachers and headmasters. Teachers and headmasters who went abroad for training and study trips as part of the Stronger Incentives Policy returned full of motivation and ideas to improve the quality of their teaching. Teachers returning from study trips always wrote and submitted to the Bupati a group report with follow-up observations and recommendations. These included the need for stronger discipline of teachers, students and parents, for smaller class sizes, and for improving the quality of education via provision of classes in computer skills and English, changes in teaching methodology, and an emphasis on student consultations.

**Changes in teaching methodology** on the part of some English teachers, including those who went abroad and some who did not but associated with the trip-goers (as friends or colleagues at school, for instance). One English teacher, for example, began teaching her classes in English rather than Indonesian following her trip to Australia. She has also begun using a “student agenda” in which students record their activities in English, as well as what they have learned from them, as an aid in teaching.

**Increased interest in student performance and longer teaching hours** on the part of teachers and headmasters, due to both School-Based Management and the Stronger Incentives Policy. Students now study, on average, approximately 15 hours more per week. To demonstrate his commitment to raising student test scores, one headmaster actually signed an agreement with his School Committee stating that if the scores at his school were not above a certain level, he would resign.

**Increased support of the Bupati** by those who benefitted from policy changes. Headmasters and teachers who went abroad, in particular, returned convinced that the Bupati’s goals for education reform are correct.

**Increase in reform-mindedness** of government education and school staff. While the first education reforms were the initiative of the Bupati himself, currently many players in the field are at work improving the content and implementation of education policy, including the District Education Bureau staff, headmasters and teachers. In fact, conversations with other Bureaus indicate that the spirit of reform has spread: improvements have already been made in the delivery of health services, for instance (see Changes in quality of education below).

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22 View of key informants (SDs and SMA headmasters, Batusangkar, SMA headmaster Batipuh, SMP teacher Batipuh, staff of District Education Bureau).
23 There was a question as to whether teachers and headmasters who did not go abroad would experience decreased motivation as a result. Some teachers did report a feeling of “not being treated equally” if their headmasters merited trips and they did not. Teachers from some remote schools with low awareness of the Stronger Incentives Policy may not have been motivated to improve their teaching; but neither did their motivation to maintain teaching quality decrease.
24 SMA teacher, Batipuh.
25 All schools visited by the team reported that this was the case.
26 SMA headmaster, Batusangkar, in an interview in which the School Committee was present.
27 View of key informants (SDs and SMA headmasters, Batusangkar, SMA headmaster Batipuh, SMP teacher Batipuh, staff of District Education Bureau).
Changes in access to education

Decreased access to SMAs for some children. In SMAs where the Smaller Classes Policy was implemented, the number of classes was usually not increased; therefore, the number of spots available in best SMAs decreased. At the same time, schools where the Stronger Incentives Policy was known began to institutionalize a preference for higher-performing students via new selection criteria, in order to maintain high performance and have a better chance of winning trips for school staff. Thus, not only were there fewer spots in SMAs, but those spots tended to be reserved for the better students, excluding poor and below-average students.

The exclusion of below-average students was more prevalent in areas with fewer (or sometimes no) SMAs and less widespread in the city where the large number of SMAs still ensured a place for most applicants. That said, access to the better city SMAs was still limited to the better students.

There was no impact on access to junior high and elementary schools as (a) there are many more of these schools, even in remote areas, and (b) the Smaller Classes Policy did not apply to them.

The requirement that students at some SMAs spend significantly more hours at school (e.g., mandatory classes for final year students outside regular school hours to boost test results) may indirectly have reduced access also, by inadvertently selecting out those poor students who cannot afford to spend extra time at school. It is unclear if increased difficulty of exams has resulted in a higher repeat rate for final year students. Finally, raised school fees as a result of the Smaller Classes Policy may have had a similar impact on a small number of children. Scholarships for poor students from central and district governments and directly from some schools has mitigated this effect.

Reduced access to higher education in remote area

The sole SMA in Batipuh sub-district registered an 11 percent reduction in student enrolment before and after implementation of the Smaller Classes Policy. No additional classes could be created due to the school’s limited resources. Students who are not accepted into this SMA have few options. They can go to the neighboring district and try to find a school that will accept them (schools there do not have a cap on class size). But whether these schools have unlimited facilities is doubtful. Also, access is not guaranteed as the demand for these schools is high as well: the best junior high school graduates from Batipuh usually go to the neighboring district, where one of the best senior high schools in the province is located, to study. This gives them a better chance to continue on to university. Yet the cost of sending their children to school in the neighboring district is quite high for local parents. If they cannot afford it, the only other options are to study at the local vocational school or go to one of the Islamic senior high schools, both of which are lower quality than the SMAs.

One suggestion made by Batipuh headmasters and teachers to ensure access to their SMA is to increase the number of classrooms. Most senior high schools, including this one, have sufficient teachers to accommodate additional classes. Teachers also report being willing to teach more hours because having more students will increase their incomes. The only limitation is classrooms.

Changes in quality of education

Improved teaching skills at better schools. Schools with higher test scores were able to send their staff overseas for

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28 Focus group discussion with headmasters and District Education Bureau staff.
29 District Bureau of Education.
30 Two headmasters reported that they felt that it was possible that more difficult exams resulted in higher repeat rates for students. However, there is not enough data to either conclusively support or refute these impressions.
31 Discussions with headmasters.
training and exposure visits; these staff returned with new ideas, many of which were put into use in the classroom. At the same time, the Smaller Classes Policy enabled teachers to focus more on individual student needs, likely increasing the quality of those students’ uptake.

**Broader educational offerings and better facilities at better schools.** The drive to get better students at school, raising school test scores and thus winning trips abroad, was one key motivator of the notable increase in educational offerings at better schools. Among the add-ons were additional classes to help final-year students at all three levels study for the national school-leaving exams (English, math, and Indonesian); special classes for top-performing students (kelas khusus); and out-of-hours classes in key topics such as religion and computer science. One school has contracted with a private organization to provide computer training for its students. A number of schools have made the effort to ensure their students have access to laboratories for the natural and computer sciences and to provide one classroom per class.

**Increased financial burden on some schools and parents.** Due to incomplete understanding of the education reforms, some schools are under the impression that they must provide services they can ill afford. For example, it is a policy that schools which are able provide English lessons from first grade onward. Yet even poorer schools without English teachers at this level have scrambled to hire staff, to their financial detriment. At the same time, some parents with children at schools with the Smaller Class Policy face higher costs as a result of both this policy and the fact that schools are making increased academic demands upon the students.

**An overall increase in inequity among schools.** Essentially, the good schools have gotten better while the average and worse schools have lagged behind. The national School-Based Management policy had already begun to focus the better schools’ attention on student performance, and the Stronger Incentives Policy heightened competition for better students. The better schools with higher test scores were already more likely to benefit from the Stronger Incentives Policy. They also already had access to more government money because of their already superior performance. Having begun to implement broader educational offerings such as additional classes and subjects, and to put to use the new skills their staff had learned on trips abroad or from colleagues who had traveled, they were even more able to attract good students. After the central government inaugurated its School-Based Management initiative, schools have become more dependent on their own resources and on the financial support of parents and School Committees. In a self-perpetuating cycle, good schools which attracted the top students, in part as a result of education reforms, were better able to garner financial support from approving parents and Committees, not to mention government funding. Top graduates with good jobs could even contribute to their alma maters.

At the same time, the lower-performing schools tended to get less of everything—fewer of the top students, fewer trips abroad, less government money, even less chance (because of inadequate dissemination) of learning second-hand of the new ideas of teachers who had traveled abroad. The requirement that headmasters (or their schools or School Committees) contribute 50 percent of the cost of study trips further reduced the chances that lower-performing schools could benefit from the Stronger Incentives Policy.
A rash of local innovations, not only in education but in other services as well. The Bupati’s new ideas are catching on. Follow-on changes implemented at some schools have included sending supportive School Committee members to Jakarta for peer exchanges, sending math teachers from one school to Jakarta for training after their students won a provincial Olympiad, the introduction of small fines or disciplinary tasks for children who come to school late too often, and School Committee awards for high-performing teachers at their schools.

In 2004, though the Stronger Incentives Policy had technically ended, its spirit continued with 150 teachers applying for and receiving partial funding from the District Education Bureau to travel to Malaysia for comparative school studies; even more have applied to receive funding from the district to travel in 2005.

The District Health Department has also implemented some interesting new policies; in 2004, a number of local health centers (puskesmas) became fully autonomous. These puskesmas now manage their own financing and report an increase of 300% in service utilization.

From education to health care: the reforms continue

In 2004, the Department of Health conducted a survey to measure patients’ satisfaction and willingness to pay. Two major findings were that the community (including the poor) consider the quality of health care services sub-optimal, and that the community is willing to pay for better quality services. Subsequently, three puskesmas became financially autonomous. They increased their fees as well as the number of services provided, and designed a new billing system to ensure transparency. Puskesmas services are highly subsidized by the government and are therefore relatively inexpensive. However, if people are unaware of actual costs and uncertain about the quality of services, they are still reluctant to avail themselves of them. The new billing system specifically identifies what parts of the service are subsidized by government and what parts still need to be paid by patients. Of great interest is the resulting increase of the number of patients visiting the puskesmas after the new regulations were instituted.

Improving Education Service Delivery

Key factors in the positive impact of the innovations

The Stronger Incentives and Smaller Classes Policies yielded impressive benefits in just a few years for teachers,
headmasters, and students, mainly from the better schools, and to a lesser degree other education stakeholders and stakeholders in other service sectors such as health. How did this happen? Of course many factors were at work, but among the key factors—those without which the policies would not have been created nor had the impact they did—are:

**Changes in national government policy.** Decentralization, legislated in 1999 and begun in 2001, together with the two national education reform policies (School-Based Management and Competency-Based Curriculum), paved the way for education reform at lower levels in two ways: first, they loosened the political reins on the Bupati and the School Committees by transferring the bulk of the responsibility for school planning, funding and management to them; and second, by their very nature they created a climate encouraging change.

**The vision, imagination, and leadership of the Bupati.** It is common knowledge that remarkable leadership is often key to social change. The example of education reform in Tanah Datar is no different. National government policy changes notwithstanding, it is unlikely that the Stronger Incentives and Smaller Classes Policies would even have been conceived, let alone implemented, without the Bupati’s leadership. From his experiences abroad, the Bupati had a vision for education reform; using his creative and leadership skills, he located funding for reform by drastically downsizing local government, and proceeded to introduce changes in a deliberately round-about way (rather than through legislation which he feared would not be as effective).

**Effective implementation of the reforms.** Many service reforms sound good on paper but because of ineffective or faulty implementation yield poor—or no—results. This is particularly true of incentives policies. The fact that the Tanah Datar Stronger Incentives Policy not only set out to link performance and reward more tightly, but actually succeeded in so doing, is notable. A clear result was increased motivation of teachers and headmasters who traveled abroad.

**What reduced the positive impact of the innovations?**

Rapid visible positive impact notwithstanding, the two policies had unexpected negative consequences—decreased access for a small but significant group of school-aged children, and an increase in inequity between better and lower-performing schools. In addition, the positive impact itself was rather localized, centering on the better schools. What happened?

**Inadequate dissemination of the new policies.** Sources concur that there was inadequate dissemination of information about the existence of the policies and the “rules of the game”. Some schools received incomplete or inaccurate information about them, reducing their chances at winning a trip abroad or in some cases burdening them financially (as when schools hired extra teachers in a misguided attempt to apply the policy on English teaching at grade one). The schools which missed out tended to be lower performers (in terms of national test scores) and

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33 Bupati and head of Education Bureau.
remote schools (which had less chance of rubbing elbows with the policymakers); as well, schools without close informal ties to the trip-takers and policy-makers were less likely to have heard, or heard accurately, about the policy changes. This was partly attributed to the Bupati’s decision not to legislate his changes but rather to let them come about organically, and partly to the “long pathway” that much information has to travel, from the District Education Bureau head to sub-district head to headmaster and thence teachers.  

There are many options for improving dissemination of information, including: putting more of the information in writing, either via legal documents or informal newsletters; sending information via the nagari; and broadcasting the information on radio or television or reporting it in newspapers via the Information and Communication Bureau (Infokom). This last method has particular potential as people are eager to tell their stories; most have access to radio and perhaps 25 percent to newspapers.

**Lack of follow-up from trips.** Teachers and headmasters came back from their trips abroad with a great deal of information and enthusiasm which was not communicated to their colleagues in other schools who did not travel abroad. Thus, ideas about improving teaching performance had limited positive impact. In addition, the recommendations of the trip-goers have not yet been followed up. It should be the responsibility of the District Education Bureau to ensure dissemination of lessons learned as well as follow-up.

**The decision not to legalize the reforms.** This limited their impact in two ways: first, it needlessly complicated their dissemination; and second, it may have lowered people’s opinion of their importance. In Indonesia, a written document signed by the head of the Education Bureau is viewed as more formal and will thus be taken more seriously.

**Ineffective use of the nagari.** Nagari support for a policy will automatically result in higher acceptance of that policy by the community, ensuring a sense of local ownership, not to mention a clearer understanding of how that policy is supposed to be implemented. While the nagari have been delegated more authority as a result of national decentralization, they have not been granted more responsibility in providing information to their communities. This represents a lost opportunity for improved dissemination and implementation of all policies, including education reform.

**Insufficient infrastructure (classrooms) in some schools.** A key factor in the decrease in access to SMAs was the Smaller Classes Policy, as reduced class size was generally not accompanied by an increase in the number of classes. Most SMAs have enough teachers; the limiting factor is number of classrooms. With more classrooms, more classes could be offered, partially offsetting the reduction in class size. Finding the budget for construction would be difficult for most of the relevant schools—especially those in remote areas—but district funding could be the solution. In an initial effort to address this problem, the district government built one new SMA, one new SMP, and one combined SMA/SMP in the past two years.

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34 Estimate of field research team.
Limited targeting of the poor and disadvantaged. The poor and disadvantaged often fall through the cracks if they are not highlighted as a special target group. Tanah Datar was no exception. In this case, the disadvantaged included lower and average performing students with less chance to obtain spots at the better SMAs; poor students, who possibly were self-selected out of SMAs as a result of too-high opportunity costs for SMA attendance; and especially, students from lower and average performing schools, whose staff were not even eligible for trips abroad. Of course, identifying in advance all groups which might not benefit, or benefit fully, from a given policy is impossible. However, the importance to education reform of paying special attention to remote schools, poor students, and especially, students of lower and average-performing schools, could easily have been predicted, and policy measures could easily have been conceived and implemented to address the special needs of these groups. For instance, reserving some of the trips abroad for teachers of the highest performing class at lower-performing schools, or for teachers at schools registering the biggest increase in exam scores over a year, might have yielded a big impact in terms of teacher motivation at those schools.

Limited scope of the reforms. While training and study trips for English teachers and headmasters had very positive results for those staff, teachers of other subjects were not included and did not benefit. Incentives for other staff would doubtless have strengthened the impact of the reforms.

Making it replicable

To be replicable, the reforms have to be financially sustainable. The Stronger Incentives Policy was relatively expensive; because of savings from district restructuring, however, the total cost for international travel and associated costs still only amounted to less than 1.5 percent of this savings. Not every local government, however, has the freedom, nor perhaps the political will, to make what amounted in Tanah Datar to a major transfer of financial resources from (now closed) district government bureaus to the education system. Financial sustainability then becomes a major issue. Generally, the more expensive a change is to institute, the less likely it will happen. A key question for education policy-makers interested in strengthening incentives as Tanah Datar did is, “How can we cut costs?” A related and no less crucial question is, “Where do we get the money for any type of incentives program?” One approach is, of course, to cut the costs of the incentives: in Tanah Datar, for example, staff could have been sent on study trips to centers of training and educational excellence within Indonesia. Another approach is to strengthen the “ripple effect” of the reforms by increasing the number of indirect beneficiaries: for instance, ensuring that lessons learned on study trips are passed on to those who stayed at home.

To be replicable, the reforms have to be institutionally sustainable. While one visionary leader can push or nudge through major reforms once or twice, for long-term sustainability of a culture of reform, systemic change is necessary: institutions generally last longer than their leaders, no matter how brilliant. The number of stakeholders willing and able to take risks needs to increase, and the formal and informal rules of the game need to be altered to allow and nurture change. In Tanah Datar, it seems that this process has already begun.
A note on the importance of equity. Reforms which are not designed to address the needs of the poor and disadvantaged directly will magnify this fault when they are replicated. Policy-makers interested in replication with equity need to include this target group during the design phase. As this case study shows, initial improvements in service delivery are not always either pro-poor or inclusive.
Case Study 2:  
Vouchers for Midwife Services in Pemalang District, Central Java
**Abstract**

In 1998, as part of the World Bank-funded Safe Motherhood Project, the Targeted-Performance-Based Contracts for Midwives (TPC) pilot project was launched in ten districts of Indonesia, including Pemalang in Central Java province. The TPC pilot objective was to strengthen the sustainability of maternal health services at the village level. In addition, central Ministry of Health staff thought that it was intended to assist in eventual privatization of the midwives. All poor pregnant women in villages with midwives contracted under the TPC pilot were to receive booklets with pre-paid vouchers for specific maternal health services such as delivery, motivating them to seek care. TPC midwives were only paid upon submission of vouchers, motivating them, in turn, to seek out poor clients. In 2002 the government tacitly abandoned its goal of midwife privatization by allowing unlimited contract renewals for many government-funded midwives. The TPC pilot ended in 2003 but the district continued the voucher system with some of its own funding. In November 2004, however, the central government enabled TPC midwives to transfer to a PTT midwife contract which requires no district funding, and the voucher system was discontinued. Overall, the TPC pilot increased the access of poor pregnant women to higher quality maternal health care. Success was due to two main factors: first, the voucher enabled the poor to get midwife services, and second, the voucher system was quite effective in holding midwives accountable for delivery of their services to the poor. During the project’s implementation period, there was an improvement in the district’s maternal mortality rate from 51 per 1,000 live births in 1997 to 32 in 2003. This improvement is likely not due to the project, however, but at least in part to an increase in quality of midwives’ services as a result of training provided to all midwives by the central government. Project impact was limited by difficulties in identifying and reaching the target group, insufficient dissemination of project information, inadequate collection and analysis of project data, and ineffective project management, as well as by conflicts stemming from its overlap with the health card program.
Introduction

The Study Site: Pemalang District

Pemalang district (kabupaten) is one of 35 districts and cities in Central Java province. The district’s population of nearly 1.3 million is all of Javanese ethnicity. Flat terrain means all 14 sub-districts and most villages are accessible by road. Forty-eight out of the 222 villages in the district, however, are classed as “remote”, with difficulties in transportation. The region is relatively poor with a poverty rate of almost 40 percent in some sub-districts (compared to the national rate of 17 percent); the main income source is paddy rice. The district’s illiteracy rate, 13 percent, is the same as the national rate. The local language is the widely spoken Javanese; most elderly villagers do not speak Indonesian.

Maternal Health Services in Pemalang District

Maternal health services are the responsibility of the Ministry of Health via Province and District Health Bureaus (dinas kesehatan), and are available to all Indonesian women from both public and private providers. Public providers include government-paid midwives, either contracted (pegawai tidak tetap bidan di desa or BdD PTT) or appointed as civil servants (pegawai negeri sipil bidan di desa or PNS BdD) at sub-district health centers (puskesmas) and their associated village midwife stations (polindes) and health centers (puskesmas pembantu or pustu). Private providers, who work from their homes, include government-paid midwives who work for themselves after government working hours, as well as women who are solely private. A key group of private providers is the traditional birth attendants, or dukun, who are still used to assist in most village births whether a midwife delivers the child or not. In villages without subsidized midwives, dukun still deliver most babies of poor women. According to Parker and Roestam (2002), this is because their services are cheaper and more conveniently located, they are more likely to have children themselves, and they offer additional valued non-clinical services following childbirth, including cleaning the placenta, washing the baby, and providing massage for baby and sometimes mother. The dukun have no formal midwife training, are usually older women with low education levels (elementary school or lower) and usually rely on traditional methods. Since the 1990s, the government of Indonesia has asked the puskesmas to arrange small training sessions for the dukun by government midwives. In Pemalang all dukun have received this training. The dukun are, however, still not trained in how to deal with complications in delivery. With the increasing number of trained and licensed midwives, the government’s view is that the use of the dukun for deliveries should be stopped.

The current health care network in the district includes 31 doctors, 22 sub-district health centers, 49 village health centers and 161 village midwife stations with 244 midwives (115 contracted and 129 civil servants). Only a few of the 222 villages are still without a midwife. There are about 300 dukun working in the district (at least one per

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35 District Health Bureau Dinkes (2004)
36 World Development Indicators Indonesia: 17 percent of women aged 15 and above and 8 percent of men aged 15 and above are illiterate.
37 District Health Bureau.
village). In addition, there are about 26,000 volunteer village health workers, or kader, in the district. The majority are women. Hospitals play a very minor role in village maternal health care; TPC midwives refer between 30 and 50 pregnant women (or much less than one-tenth of one percent of all Pemalang deliveries annually) to the hospital for childbirth-related care a year.

**Maternal Health Service Reform**

Despite overall improvement since 1997, key maternal and child health indicators remain higher in Indonesia than in other countries in the region. For instance, the infant mortality rate is 47 per 1,000 life births (2003 statistics) in Indonesia as compared with 32 in the East Asia and Pacific region.

In the early 1990s, Indonesia launched a Safe Motherhood Strategy in response to the 1987 Nairobi Safe Motherhood Conference. The first program launched nationally as part of the Safe Motherhood Strategy was the Temporary Contract Midwife (pegawai tidak tetap bidan di desa or PTT BdD) Program. Under this program, the government planned to place 56,000 midwives nationwide (as of early 2005, it has placed approximately 50,000). Supplying enough midwives to meet demand in Indonesia was one problem, but another was to find a sustainable solution. The government was already aware of the burden that financing the new midwives would place on the central budget, and strengthened sustainability through privatizing the PTT midwives was an unwritten program objective from the start. But the newly graduated midwives had many problems promoting their services and attracted few clients, which made privatization following the expiration of their contracts very unlikely.

In 1997, the World Bank in cooperation with the Ministry of Health (MOH) designed the Safe Motherhood Project: A Partnership and Family Approach to support the government’s strategy. The project aimed to improve maternal health status in selected districts of East and Central Java by: (1) improving the demand for and utilization of quality maternal health services; (2) strengthening the sustainability of maternal health services at the village level; (3) improving the quality of family planning services; and (4) preparing adolescents to lead a healthy reproductive life.

Under PTT rules, initial contracts were for a three-year period with one optional renewal. The first group of PTT midwives in Pemalang district was hired in 1994, and the second—a group of 50—in 1995. When the contracts of the second group were due to expire in 1998, though, there was confusion about whether the contracts would indeed be renewed. The launch of a new pilot project for maternal health services that year presented an opportunity for these midwives to regain some stability in their work, as well as for the District Health Bureau to maintain and increase access to midwifery services.

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38 Source: District Health Bureau (2000-2004).
40 Source: Parker and Roestam 2002.
41 Source: heads of sub-district health centers.
The pilot project, launched as a key component of the Safe Motherhood Project, was called Targeted-Performance-Based Contracts for Midwives (TPC). It was implemented from 1998 to end-2003. The main objective of the TPC pilot was to strengthen the sustainability of maternal health services at the village level. It "was designed to be more equitable [than the existing PTT contracts system] for the BDD [midwives], … [and] more equitable for the villagers; [in addition it] would be performance-based and therefore encourage greater efficiency." It was intended that the TPC pilot would "save the MOH a substantial amount of money over time…as the proportion of the population who are poor continues to decline with future development… Accordingly, the TPC provides an ‘exit strategy’ for MOH’s support to the BDD [midwives], who will be assisted to become (eventually) self-sustaining private providers."

The TPC pilot project consisted of three elements: contracting and training of midwives; a demand-driven voucher system for midwives’ services; and target-based evaluation of midwives’ work. In theory, issuing pre-paid vouchers for specific maternal health services would ensure that people of all incomes could afford midwifery services. The requirement that TPC midwives submit the actual vouchers for payment gave the midwives an incentive to look for poor patients and convince them of the need for their services. Ministry of Health officials envisioned that through the voucher system, demand for midwife services would increase sufficiently to permit privatization of TPC midwives' services.

Complicating the story further, in 1997, the government had implemented Social Safety Net (SSN) Programs to reduce the negative impact of the economic crisis on the poor. One of the SSN programs, the JPS-BK (Jaring Pengaman Sosial Bidang Kesehatan, or Social Safety Net on Health), aimed to increase access to health services for lower-income families through the provision of health cards. The health card program was introduced nationwide the same year that the TPC pilot project was launched in ten districts. The health card covers not only some maternal health services (delivery, ante- and post-natal care) but many other health care services as well, in both health centers and hospitals.

**Research Questions**

The objective of this case study was to examine the impact of the voucher system on quality and utilization of midwife services, with a focus on utilization by the poor. Three hypotheses were tested during the fieldwork:

1. As a result of the voucher system, utilization of TPC midwives’ services by the poor increased.
2. Specifically, the voucher system caused this increase in utilization because: (a) it became financially possible for the poor to use TPC midwives’ services; (b) TPC midwives had a financial incentive to encourage the poor to use their services; and (c) there was a greater understanding on the part of poor pregnant women of the need for, and higher quality of, TPC midwives’ services.
3. The use of targets for evaluation of TPC midwives increased their motivation, and thus the quality of their services.

45 Training was not a part of the TPC project per se, but TPC midwives were prioritized in the new national midwife training program.
Methodology

Fieldwork was carried out in March 2005 for a period of 11 days. Three villages in two sub-districts were visited: Peguyangan village in Bantar Bolang sub-district, and Ampelgading and Ujunggede villages in Ampelgading sub-district. The criteria for selection were location (one sub-district is fairly remote while the other is near the main coastal road) and number of TPC midwives (sub-districts and villages with a relatively high number were selected).

The primary research tools were semi-structured interviews and focus group discussions. Two sub-district health centers (puskesmas) and one village health center (posyandu) were visited. About fifty people were interviewed, including the head and staff of the District Health Bureau, eight sub-district health center staff, eight PTT midwives, of whom six are former TPC midwives, two midwives with civil servant status (PNS BdD), eight kader, the Safe Motherhood Project facilitator, the head of the Social Sub-Department of the District Planning Bureau (Bappeda Kasubid, or Badan Perencanaan Daerah Kepala Sub Bidang Social), one village head, ten voucher patients, and eight poor families. The voucher patients interviewed were invited by the midwives and are mothers who used vouchers for giving birth. Poor families interviewed were chosen with the help of kader or just by strolling through the villages and rice paddies.

All TPC project data from 1999 and earlier was lost in a fire in the District Health Bureau in 2000, complicating analysis somewhat.

The Life and Death of TPC

How tpc worked

The TPC midwives. Pemalang District contracted 30 midwives under the TPC pilot project in October 1998. Any midwife was eligible to apply for the TPC positions, but as it turned out, all midwives who were hired under TPC had previously been PTT midwives, hired in 1995, and uncertain in 1998 whether their PTT contracts would be renewed.

TPC contracts were seen as desirable for a number of reasons. First, initial TPC contracts, at five years, were longer than initial PTT contracts (just three years). Second, TPC income was expected to be higher than PTT income. Not only was there a TPC contract-signing bonus of Rp. 500,000 (~US$56), but income from services provided to low-income pregnant women was higher per service, and the number of reimbursable maternal health services was higher for the voucher project (six) than for the health card program (three). Third, TPC midwives, unlike PTT midwives, were allowed to choose where to practice. Fourth, there were rumors of additional benefits of being a TPC midwife, such as being eligible for civil servant status following contract expiration, and being able to buy a motorbike.

46 Because the project involved so many organizations, the central government decided to hire district-level facilitators to avoid overlapping activities.

47 This was the total number of TPC midwives ever contracted through the project in Pemalang.
Finally, through the dissemination of information about the program, for which the TPC midwives were responsible, TPC midwives got the chance to promote their own services. This was especially important for the still fairly inexperienced midwives who had problems winning the trust of the villagers.

Approximately 20 of the 30 midwives contracted under TPC simply switched from PTT to TPC status in the same village. In a few cases, TPC midwives chose either villages that had never had midwives, or villages in which a PTT midwife had been working but had already left.

TPC midwives had a three-part income, including a monthly base wage for assisting in village health centers (posyandu) a few days a month, fees from vouchers paid by low-income pregnant women, and private practice income.

TPC midwives’ work was evaluated by staff of the District Health Bureau against targets for the expected birth rate of the village for the voucher services and was consequently compared with the non-voucher services provided. Midwives did their own reporting each month, filling in simple forms and sending them to the District Health Bureau. The achievement of targets was used as one indication that poor women were receiving the services they needed; it was also intended to show the progress midwives were making in becoming fully independent private providers. Bureau staff traveled to villages to investigate cases in which targets were not met.

The vouchers. Every low-income woman in a TPC village was to receive one booklet with vouchers for the six key midwife services, including delivery, referral to the hospital in case of complications, ante- and post-natal care, infant care, birth control, and family health care services. For each pregnancy, a poor woman received a new booklet.

Each time a woman received one of these services, she paid the midwife for it with one of her vouchers. Midwives were paid a set fee for each type of voucher. It was hoped that the vouchers would provide a financial incentive to midwives to seek out low-income pregnant women and provide services to them, as well as removing the financial barrier low-income pregnant women faced in seeking midwives’ services.

Identification of women to receive the voucher booklets was done mainly by the TPC midwives themselves, sometimes in cooperation with health volunteers (kader) and, in a few cases, village heads. Midwives were given a list of people who, based on criteria of the National Body for Family Coordination and Planning (BKKBN, or Badan Koordinasi Keluarga Berencana Nasional), were eligible for health cards. Criteria included having an earth (not sand)

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48 Source: nine TPC midwives from two sub-districts.
50 This service was only included as part of the voucher booklet in 1999.
51 In 1999, each booklet contained 29 vouchers, including one for delivery, one for emergency referral, six for ante-natal care, three for post-natal care, four for family planning, eight for infant care, and six for family health care.
52 In 1999, the voucher payments were Rp. 60,000 for delivery, Rp. 30,000 for family planning, and Rp. 5,000 each for other services.
floor, eating at most twice a day, having just one set of clothes, being unable to afford sub-district health clinic services or sending children to elementary school, and being unable to afford the items necessary for the practice of religion. Based on the health card eligibility criteria, midwives then made their own lists for voucher eligibility. The fact that the same criteria were used suggests that in TPC villages, every pregnant woman who had a health card would also have received a voucher booklet.

**Dissemination.** Dissemination of information about the program to midwives, kader, and village heads was the responsibility of the District Health Bureau (DinKes). At first, the sub-district health centers were excluded from the project by design. It was reasoned that because the midwives were supposed to become privatized, including the (government-funded) sub-district health centers would run counter to program success. Later, it became clear that the sub-district health centers, which offered a respected and trusted village-level showcase for the midwives’ services (the village health centers or posyandu), were crucial to the program.

Dissemination of information about the TPC pilot project to local women was done mainly by the midwives themselves. All midwives used the village health centers (posyandu) as a conduit to mothers, and some used kader as well. Kader, because they are local women, usually know who is pregnant, and what the socio-economic status of the women is. Active kader would drop by the TPC midwife’s home to let her know when a low-income woman became pregnant, so the midwife could in turn drop by the woman’s home to give her a voucher booklet and explain the voucher program to her. Village heads were also sometimes involved in dissemination. For example, in Ampelgading, village heads continue to organize monthly meetings with pregnant women during which information about pregnancy, nutrition, health, and pro-poor projects is discussed. In other villages, however, the village heads are not involved in the dissemination process.

**TPC pilot project costs** The total cost of base wages and voucher reimbursements for the 30 TPC midwives in Pemalang district was over Rp. 1.2 billion (~US$134,000) for the period 1999 to 2004; in addition, two staff from the District Health Bureau were each paid a monthly salary of Rp. 150,000 for their role in monitoring. The District Project Monitoring Unit (DPMU) also received an unknown income for its work. Project costs were paid by the World Bank and the central government through 2003; 2004 costs for base wages were paid by the district while vouchers continued to be reimbursed by the central government with World Bank funding.

**A tangled web: the demise of tpc** In fact, PTT contracts were renewed in 1998 and again in 2001 and 2004. Thus, between 1998 and 2004, there were essentially two health care programs ongoing that provided maternal health services in Pemalang: the PTT and health card programs—intimately linked as only PTT midwives could provide health card-reimbursable services—and the TPC voucher project. Both the TPC project and the health card program were created to increase the access of the poor to health care, though TPC focused solely on maternal and child health and was implemented only  

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in Java, while the health card program was national and not limited to maternal and child health. To ensure that vouchers would still be used, despite the overlap in target group of the two programs, the District Health Bureau issued a legal document (SK, or surat keputusan) that required that TPC midwife services only be paid for by voucher or cash, but not the health card.

PTT midwives, like TPC midwives, receive both a base wage and wages based on the number of poor clients they have. The payment systems for the two groups were, however, different. TPC midwives were evaluated monthly by the District Health Bureau before they could receive voucher payments. They were required to submit the physical vouchers with which they had been paid, proving services had been provided and greatly reducing the opportunity for fraud. PTT midwives, on the other hand, have government-established bank accounts in which their entire estimated yearly wages are stored. Each month, they simply withdraw their base wage and claims for maternal health services provided to health card clients—though they must first report to the head of the sub-district health center, whose signature is required for the withdrawal. They are not required to submit physical evidence of health card clients served. Thus, the PTT system is easier to dupe than the voucher system was.

Because the work of the TPC and PTT midwives was virtually identical, there was an expectation that wages would also be similar: an increase in the base wages and voucher or health card fees of one was expected to be followed by an increase in the base wages and voucher or health card fees of the other. In fact, TPC midwives’ base wages and voucher fees were increased twice, in 2003 and 2004, following similar increases in PTT incomes, but never reached the same level.

In 2002, tacitly abandoning the original goal of privatization of midwives’ services, the central government enacted a law allowing unlimited contract renewals for PTT midwives, but this did not extend to TPC midwives. Their contracts were due to expire at the end of 2003 with the end of the TPC pilot project. By that time, three of the TPC midwives had left the district to follow their husbands and one had received civil servant status; 26 were still practicing under the TPC pilot. Staff of the District Health Bureau were convinced that the TPC midwives were unable to become fully private practitioners. As 15 percent of district midwives were contracted under the TPC pilot project, they were also concerned about maintaining the access of low-income pregnant women in their district to midwifery services when the project ended. Hence, they decided to continue the voucher system on their own, taking the extraordinary step of funding TPC midwives’ base wages from their own resources. They were able to continue providing vouchers in TPC villages with funding from the World Bank.54 The district’s decision to continue the voucher system after the technical end of the project itself was exactly what the central government (and the World Bank as funder) had been hoping would happen.

However, the government in effect sabotaged the continuation of the voucher system by its decision in November 2004 to hire more PTT midwives using central government funding. The district immediately decided to discontinue the voucher system, and all 26 TPC midwives were transferred to the PTT program. Despite the clear benefits of

54   Staff of District Health Bureau.
the voucher system—it increased midwives’ accountability and reached many poor pregnant women—the district knew that the health card program provides the same no-cost services to the poor, and is funded entirely by the central government. Discontinuing the voucher system thus would have no immediate impact on access, yet freed up district money for other purposes such as infrastructure works.

**Coda:** Health insurance for the poor. Starting in 2002, some districts began to replace the PKPS-BBM program (that entitles all poor households to free basic health services) with a program of health insurance for the poor. The specific package of services covered by this health insurance varies among the districts where it is implemented, but in all places it covers basic health services including maternal and infant care. By the end of 2004, over 30 districts (out of over 400 nationwide) had replaced the PKPS-BBM program with their own health insurance system.

In January 2005, the government mandated the implementation of a new health insurance for the poor (JPK-GAKIN) scheme in all districts in the country. By law, all districts should have already started implementing it, but as they got just one month’s notice, many districts, including Pemalang, have been unable to meet the deadline. The government has therefore decided to implement the program in phases, starting with East Indonesia. Thus, health cards are still being used in Pemalang.

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55 The PKPS-BBM program or fuel subsidy compensation program provided subsidies to poor families in a variety of areas one of them is healthcare.
**Impact**

**Did the tpc project increase the access of the poor to tpc midwife services?**

In short, yes. The number of midwives in the district more than doubled between 2001 and 2003, from 82 to 192. By 2004 there were 244. In 2003, 86 percent of Pemalang’s villages had midwives; coverage reached about 95 percent by early 2005. It is not surprising, then, that there was also an increase in utilization of midwives’ services. Evidence is readily available. District Health Bureau statistics show that the number of paying clients of TPC midwives increased by nearly 70 percent between 2000 and 2004 (using paid deliveries as a proxy for number of paying clients served). During that time, the number of voucher (poor) clients actually dropped by 44 percent, due mainly to changes in the number of vouchers issued. This drop masks the fact that midwife use by the poor went from almost nothing in the late 1990s to 1,164 poor women in 2000. Poor women stated that they started using midwives for the first time only after TPC midwife placement in their villages. Despite the increase, however, only about 40 percent of TPC village babies were born with TPC midwife assistance each year.

Utilization of TPC midwives was higher than utilization of PTT midwives in villages where both types had worked, according to sub-district health clinic doctors and the TPC facilitator. PTT midwives had problems getting clients in part because of their lack of experience.

Equity in access to midwives’ services has increased because prior to the pilot, almost no poor women were using midwives, while now, many are. The ratio of non-paying to paying clients of TPC midwives, which was 46:54 in 2004, is close to the ratio of poor to non-poor in the poorest sub-districts of Pemalang, 40:60. Together with the fact that poor women have a higher birth rate than non-poor women, this suggests that the poor are equitably represented among TPC midwife clients.

However, there were huge variations in numbers of vouchers used—a decrease of 65 percent in 2001, a further decrease of 20 percent in 2002, followed by an increase of 26 percent in 2003 and a final decrease of 8 percent in 2004. These variations were not driven by changes in the number of poor pregnant women in the district, but caused by unclear and constantly changing program rules and inconsistent implementation. In the first few years, the District Health Bureau put no limitations on the number of vouchers that midwives could give out: well over 1,000 were issued in 2000. In 2001, however, the District Health Bureau limited the number of vouchers based on a more accurate estimate of the number of deliveries expected by poor women. This brought the number of voucher clients down to 565 (using delivery numbers as a proxy) by 2002. The establishment in 2002 of the District Program Management Unit (DPMU) further reduced the number of voucher clients as the DPMU enforced more strictly the

57 Source: District Health Bureau.  
58 Team estimate based on interviews with midwives.  
59 Calculation of the research team: the birth rate in Pemalang is about 2 percent, or approximately 26,000 children annually. This is roughly 117 births per village. A TPC midwife normally delivered about four babies a month in her village, or 48 a year, representing 41 percent of the estimated 117 village births annually.
previously-set birthrate target on which number of vouchers issued was based. In 2003, this target was increased and consequently so was the number of vouchers, while the DPME pushed midwives more strongly to achieve targets. These changes were reflected in an increase to 712 of the number of voucher clients delivering with TPC midwives that year.

While equity of access to midwife services certainly increased overall—especially given that before the pilot, poor women had had virtually no access—wildly fluctuating numbers of vouchers used imply that the project management was unclear about the size of the target group and how best to reach it. It is possible that some poor pregnant women still lacked access to midwives’ services.

**What aspects of the TPC project brought about increased access?**

The simple fact that more villages had midwives following the introduction of the TPC project was the driving force behind the increase in utilization by the poor. Prior to the pilot project, a woman who wanted to deliver with a midwife had to spend the time and money to travel to a village where there was a midwife and then pay for the services; most poor people could not afford to do so. The cost of a delivery assisted by a private midwife is about Rp. 250,000, much higher than the cost of a dukun’s services (Rp. 60,000-100,000). In villages where there had been no midwife pre-project, there had been virtually no use of midwife services by the poor. While midwife placement in their villages gave poor women the opportunity to use midwives’ services, vouchers made it financially possible for them to do so. Giving midwives the primary responsibility for dissemination of information about the voucher project, and linking their incomes to the use of vouchers, encouraged them to seek out new clients. Initial exploratory use of midwives’ services inspired trust: some mothers reported that TPC midwives “reduced pain and time in labor.” The growth of trust in the TPC midwives assured continued use of their delivery services, as well as increasing the use of TPC midwives for other services and by non-voucher holders.

**What was the impact of targets for evaluation on midwives’ quality and motivation?**

The quality of midwife services did improve during project implementation, but this was not due to the use of targets, nor was the effect limited to TPC midwives. Local mothers assessed midwife quality in part according to how long their recuperation periods were following delivery. They also looked at midwives’ experience and access to high-quality facilities and the necessary drugs. According to these criteria, local mothers feel that the quality of all midwives—whether TPC or not—is high, and specifically, greater than that of the dukun. The key difference between the skill of midwives and of dukun lies in the capacity of each to handle emergencies. TPC and PTT midwives received extra training in handling emergency situations (asuhan persalinan normal) from the District Health Bureau (organized nationally by the Ministry of Health). The perceived overall increase in midwife quality is reflected in an
improvement in the district’s maternal mortality rate, from 51 per 1,000 live births in 1997 to 32 in 2003.  

The midwives did not fully understand the program’s objectives. The midwives interviewed were unsure whether the purpose of targeting was to increase the quality of services, or to push midwives into delivering more services. According to the staff of the District Health Bureau, this lowered midwives’ motivation.

**What happened with the original project goal of privatizing midwives’ services?**

Between 2000 and 2004, the TPC midwives’ monthly income nearly doubled from just over Rp. 1 million to nearly Rp. 2 million. During that period, the monthly base wage increased from Rp. 150,000 to Rp. 425,000 (~US$48), and income from vouchers increased marginally from Rp. 338,000 to Rp. 386,000 (~US$44). However, the main source of the increase was paying clients, whose contributions to midwives’ income increased from about Rp. 500,000 to over Rp. 1 million (~US$113) per month in that period. The data thus imply there was some progress toward achieving financial self-sufficiency.

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Source: District Health Bureau.
It was envisioned that the increased quality of the midwives, due to training, would result in more private clients seeking their services enabling the midwives to become independent of government funding. This did not happen. It is true that the proportion of TPC midwives’ clients who were voucher-holders dropped significantly from 72 percent in 2000 to just 46 percent in 2004, and the proportion of midwives’ income due to paying clients increased slightly from 54 percent in 2000 to 58 percent in 2004. Nevertheless, the proportion paid by government (either through base wages or voucher payments) still represented a hefty 42 percent of midwives’ income in 2004. The continued large portion of income from government was due in part to increases in 2003 and 2004 in the fees for voucher services, as well as in the amount of the base wage.

By 2002, the government had already realized that privatizing the midwives would decrease access to these essential public health care services by the poor; thus, it began to allow unlimited contract renewals for PTT midwives, in effect abandoning the objective of privatization.

**How did stakeholders’ behavior change as a result of TPC?**

It is clear that the behavior of poor pregnant women has changed dramatically—they are now delivering with midwives when they had not done so before. There is also evidence of changes in attitude of poor pregnant women. The majority say they want to continue using a midwife to deliver their children because the midwife’s quality is seen as superior to that of the dukun; some even say they would continue going to their midwife if they had to pay. Almost all women, both poor and well-off, continue to pay for the services of the dukun (for post-natal care) in addition to those of the TPC midwife, however, so the total cost of childbirth to poor women has not gone down.

TPC midwives reported an initial increase in motivation (sometimes later decreasing as a result of conflict with the health card program) and an increased interest in looking for poor patients as a result of the project.

**Vouchers for midwives: looking to the future**

**Factors limiting voucher impact**

**Difficulties in identifying and reaching the target group probably reduced access for some of the poor.** It is still unclear how many poor pregnant women there actually were in the district, and thus how many vouchers should have been issued. The fact that the number of vouchers used varied from a low of 565 (2002) to a high of 1,164 (2000) certainly implies that identification and quantification of the target group was problematic, since birth rates of the target group could not have varied so widely. Central government identification of the poor is in general imprecise, and often the official poverty estimate is lower than the actual rate. It seems that in Pemalang, however, local officials at first went the other direction (overestimating the number) until the entrance of a new, external organization, the DPMU, in 2002, which pushed the number of voucher clients to a five-year low. The fact that

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64  Using number of voucher-paid deliveries as a proxy for total number of voucher clients; source: District Health Bureau.
voucher use went up again after 2002, however, implies that the DPMU did not have its numbers right either.

While the District Health Bureau were playing the numbers game, it was largely up to the TPC midwives to actually pass vouchers on to the target group—poor pregnant women. The project design required midwives not to be in charge of distribution of vouchers to avoid conflict of interest, but districts found this burdensome and did not comply with the design. The design of the voucher project—TPC midwives were only paid after submission of actual vouchers—worked to encourage midwives to issue as many vouchers as possible. Because the Bureau does not have a close relationship with communities, it was difficult for it to check whether voucher issuing was done properly. Involving kader in the process of handing out vouchers was said to increase the system's effectiveness. Poor data collection, however, makes it impossible to know to what extent vouchers actually reached the target group.

**Insufficient dissemination limited the access of some poor women to vouchers.** Dissemination of information depended largely on the TPC midwives themselves, a task which they enjoyed and were glad to do, but which added much time and effort to their already-full days. Where they had the support of highly motivated kader, dissemination was still wide, but in other villages, where kader may not even have heard of the project, dissemination was low. In one TPC village visited, a number of lower-income women had not even heard of the voucher project. The District Health Bureau was unable to make the process more effective. Because it lacked a strong connection to the villages, it relied on counting the number of services TPC midwives had provided to voucher holders as a means of assessing the success of the process, but this did not provide the information necessary to accurately judge and then redesign the dissemination process for greater effectiveness.

**Motivation of healthcare staff makes a difference in reaching the poor.** Village A has a diligent midwife and kader who set up monthly meetings between the village head and all pregnant women. Through these meetings, information was provided about useful programs and on healthy behavior and nutrition. These meetings also helped in the identification of those who were entitled to vouchers. This process of dissemination and identification of the poor appeared to be very effective, as in this village those who are poor did receive project benefits. In Village B where the TPC midwife and kader were less active in providing information to villagers, targeting of the poor was less effective; the team spoke to many villagers who had never heard of the voucher project.

**Inadequate collection and analysis of project data made mid-course project adjustments for better targeting impossible.** Local District Health Bureau staff did not understand the purpose of the work for which they were responsible: collection and analysis of data about TPC midwife service utilization. Nor were they sufficiently trained in data collection and analysis. Two of the District Health Bureau staff received one week of training in Jakarta, but this was only six months after the start of the TPC project, and the staff also state that it was not enough to do real analysis. At the same time, the central government with final responsibility for ensuring project success did not request the necessary information. Collection of key data would have provided the information necessary to re-jig the project midstream for better results. For example, basic data about who is poor in a TPC village and where each of the pregnant women in that group went to deliver in a given year would have helped show whether the vouchers were reaching, and convincing, the right people. Data on maternal deaths for poor and non-poor mothers before and after the project, comparing clients of TPC and PTT midwives, would have helped to quantify the quality
of services available to the poor through the project. Data comparing utilization of TPC versus PTT midwives would have helped to gauge the demand for, and thus perceived quality of, services provided through the two projects. Better training for data collectors is not enough; the design of a data collection system that is useful (e.g., collects the data needed to continually assess and strengthen the project), transparent (so people aren’t afraid to ask for and answer questions about the data), and easy to use is also important.

**Ineffective project management reduced opportunities for problem-solving during implementation.**

Though the Ministry of Health was responsible for the pilot project at the national level, there was no single team within the Ministry that could provide support to the district when it faced problems; moreover, the teams changed during the life of the project. There was a lack of communication between the stakeholders. The Ministry team, such as it was, often simply did not respond to questions and problems posed by local departments. The Ministry itself was not fully aware of the objectives of the project. In fact, the staff of the District Health Bureau report that the Ministry of Health sometimes consulted Pemalang district for advice, instead of vice versa. Moreover, though midwives are the responsibility of the sub-district health centers, they were required to report directly to the District Health Bureau, so the sub-district centers were often unaware of key aspects of the project. Had project management been clearly assigned to one person and his or her clearly identified team, and had that team been responsive to the implementation units at district level, data collection would have improved, targeting would have been more accurate, and the front line—the TPC midwives—might, because of their greater understanding, have been more effective in ensuring accurate targeting of the poor.

**Conflicts between overlapping systems reduced midwives’ motivation.** The large overlap between the TPC project and the health card program produced confusion among TPC and PTT midwives, because they provided the same services and were both linked to the sub-district health centers but were not paid at the same level or in the same way. This decreased the motivation of many TPC midwives.

**The limited extent of the pilot project meant only a small number of poor women benefited.** Clearly, the fact that only 30 of 222 villages in the district had TPC midwives, and only about 40 percent of TPC village babies (or just 7 percent of all district babies) were born with the assistance of TPC midwives each year, limited the project’s impact on the poor.

**Using vouchers to increase access of the poor to midwives’ services**

Midwife services for the poor are a public good and hence require public funding. The TPC pilot project failed in its intent to move toward privatization of midwives because this conflicted with its paramount objective of strengthening the sustainability of midwife services at the village level. By 2002, the government had already realized that poor pregnant women would be needing midwives’ services for a long time to come, development notwithstanding, and funding for contracted midwives was ensured (and later, increased).
The voucher system, if implemented well, can help midwives’ services reach the poor better than the health card program. Three aspects of the voucher pilot project made it more effective than the health card program in increasing the access of the poor to midwife services. Of greatest importance was the requirement that midwives actually submit vouchers in order to get paid for their services to poor women, which gave them strong motivation to seek out poor clients. PTT midwives, paid through the health card program, are essentially pre-paid, and therefore have no financial motivation to encourage the poor to use their services. Second, because vouchers had to be presented for payment, there was little room for fraud. It is reported that PTT midwives, who only needed the signature of the sub-district health clinic head for payment, often resort to fraudulent reporting to get higher wages, wasting money that should have been spent on actual services to poor women. And third, the vouchers were for specific services. It is possible that simply having the voucher booklet thus raised the awareness of poor pregnant women of the services to which they are entitled and which they should seek. This may have resulted in more poor voucher-holders seeking midwife care than poor non-voucher holders, despite the fact that pregnancy services are free under both the TPC pilot project and the health card program. Because of inadequate data collection on the project, however, it is impossible to know whether this last point is true.

The new national health insurance program presents an opportunity to build on the success of the voucher pilot in reaching poor pregnant women. The five years of the voucher pilot project clearly increased the access of poor pregnant women to higher-quality maternal care. With the new national health insurance program, JPK-Gakin, there is an opportunity to reintroduce the use of vouchers and thereby maintain and build on pilot project success. District Health Bureau staff suggest that if vouchers were used under the national health insurance program, they could be paid directly by sub-district health clinics, which are already responsible for monitoring and payment of midwives. This would reduce the voucher-related management time and costs of the District Health Bureau. The only additional costs of reintroducing vouchers would be for production of the vouchers themselves, dissemination of information, and training and wages for data collectors, all likely payable by the district.

If vouchers were blended with the new national health insurance program, it would be crucial to avoid the pitfalls of the pilot project. The target group of poor pregnant women should be clearly defined, based on reasonable and widely-understood criteria, and counted in a transparent manner, ensuring that all stakeholders understand who is included and why. Annual re-counts of the target group should be institutionalized using a consistent and fair process. Responsibility for dissemination of information about the vouchers should not be the sole responsibility of the midwives but should be shared with kader and village heads. These stakeholders should be involved in monitoring to increase their knowledge of and commitment to the system. A useful, simple, effective and transparent monitoring plan should be designed, focused on collecting data on who should receive vouchers, who does and does not receive vouchers and why, and how the vouchers are used. Basic maternal and infant health statistics, and data on use of other maternal health service providers, should also be collected, including maternal and infant deaths. People responsible for monitoring of the voucher system should be well trained in the purpose and use of the monitoring system. Management of the voucher system should be simple and clear, based on the usual management structure and lines of communication related to health services at all levels of government. A system
should be set up to allow regular meetings among all stakeholders to increase their understanding of the purpose of the vouchers and thereby increase motivation.

The voucher system was an excellent beginning to increased access to quality maternal health care for the poor.

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- Pemalang District Health Bureau, data on “Caring Mothers Movement”
Case Study 3:
Creating Learning Communities for Children
in Polman District, West Sulawesi
Abstract

Decentralization paved the way for the Creating Learning Communities for Children (CLCC) program designed by UNICEF, UNESCO, and the Indonesian Department of Education in 1999, which aims to improve primary school education quality. CLCC’s school-based management (SBM) component targets increased community, and especially parents’, support for children’s education, while its active, joyful, effective learning (AJEL) component aims to strengthen children’s critical and creative thinking. This case study examined CLCC’s impact in two schools of Polman district, West Sulawesi province: one poor, rural school targeted by CLCC, and one better-off, urban school which adopted CLCC on its own. Accountability of school management improved at the better-off school, due largely to the school’s democratically-inclined headmaster, but SBM was a failure at the poorer school largely due to an autocratic headmaster and parents’ and School Committee members’ passivity. In both schools, AJEL dramatically changed teaching methods and increased student and parent participation, due to both headmaster support and the effectiveness of AJEL tools. For poor parents, reliance not just on formal communication via the School Committee but on informal communication (including an innovative school radio program) were key. At neither school have national exam scores or drop-out rates improved relative to those of neighboring non-CLCC schools. School attendance, however, improved, teaching methods improved, and students and parents both became more involved in school, so perhaps there is a mismatch between AJEL tools and exam subjects, or the national exam does not reflect the type of knowledge gained from AJEL. Since 2001, the district has expanded CLCC to 70 new schools using its own funding; local innovators have spread it to about 30 more schools. UNICEF financial support for CLCC ends in December 2005, and the program’s long-term sustainability is an open question. Greater community support is crucial for financial sustainability, particularly at the poorer school. The introduction of AJEL to secondary schools may be key to ensuring sustainability of impact. Finally, for institutional sustainability, the District Bureau of Education, ostensibly in charge of the program but unenthusiastic about it, must be convinced. Better monitoring of program impact might help to bring this reluctant agency on board.

This case study was written by Stefan Nachuk, World Bank (Indonesia), Susannah Hopkins Leisher, consultant (Australia), and Anya B. Gaduh, World Bank (Indonesia). Research was based on a field visit to Polman in March 2005. Reference is made to Creating Learning Communities for Children: Improving Primary Schools through School-Based Management and Community Participation, UNICEF-UNESCO-Government of Indonesia (2000) and Menciptakan Masyarakat Yang Peduli Pendidikan Anak, UNICEF-UNESCO-Government of Indonesia (2005). Research team members included Anya B. Gaduh, World Bank (Indonesia), Nunik Yunarti and Maulina Cahyaningrum, consultants (Indonesia), Lina Marliani, World Bank (Indonesia), and Luis Fujiwara, Ford Foundation International Innovations Liaison Program (Brazil). Managerial, analytical, and editorial support was provided by Menno Prasad Pradhan and Sachiko Miyata of the World Bank (Indonesia) and Winthrop Carty, Ash Institute of Democratic Governance, Harvard University (U.S.A.). This case is copyrighted by the authors, the Ash Institute, and the World Bank and may not be reproduced or reused without their permission.
Introduction

As part of its mandate to alleviate poverty in Indonesia, the World Bank is undertaking a series of case studies to promote better services, especially for poor and disadvantaged people. The case studies were chosen from the many innovative practices seen in Indonesian local government in recent years, through a competitive outreach process managed by the World Bank. Donors, non-governmental organizations, and local government staff were contacted and encouraged to submit proposals regarding innovative pro-poor service delivery work that they either were undertaking or knew about. The Creating Learning Communities for Children (CLCC) program being implemented in Polman district, West Sulawesi, touches upon a theme that is central to making services more pro-poor: improved performance and accountability of local government service providers. Hence its selection as one of the case studies.

The Study Site: Polman District

Polewali Mandar (Polman) is one of five districts (kabupaten) in the recently-formed province of West Sulawesi.\textsuperscript{65} The district borders Mandar Bay where Sulawesi Island meets the Java Sea. It is the second-largest district in the province with a population of nearly 500,000, the majority of whom work in agriculture. Most residents are Muslim and belong to the Bugis-Mandar culture (indigenous to South and West Sulawesi provinces). Other residents are of Javanese and Torajan origin. The 2000 poverty rate in the district was about 26 percent, significantly higher than the 2000 national rate of 19 percent.\textsuperscript{66}

The study site comprised two sub-districts (kecamatan). Polewali, the district capital, is primarily urban and relatively well-off (its poverty rate in 2000 was 21 percent). Tinambung sub-district, in the southeast coastal region, is rural and rather poor (with a 2000 poverty rate of 27 percent) populated mostly by fishermen and farmers.

Primary Education in Polman District

<table>
<thead>
<tr>
<th>School type</th>
<th># Primary schools (% of total)</th>
<th># Students (% of total)</th>
<th># Teachers (% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public non-Islamic</td>
<td>311 (83%)</td>
<td>47,811 (90%)</td>
<td>2,718 (87%)</td>
</tr>
<tr>
<td>Private non-Islamic</td>
<td>1 (&lt;1%)</td>
<td>53 (&lt;1%)</td>
<td>8 (&lt;1%)</td>
</tr>
<tr>
<td>Public Islamic</td>
<td>2 (&lt;1%)</td>
<td>86 (&lt;1%)</td>
<td>9 (&lt;1%)</td>
</tr>
<tr>
<td>Private Islamic</td>
<td>60 (16%)</td>
<td>5,253 (10%)</td>
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</tr>
<tr>
<td>Total</td>
<td>374 (100%)</td>
<td>53,203 (100%)</td>
<td>3,109 (100%)</td>
</tr>
</tbody>
</table>

Source: Polman District Bureau of Education 2004

Polman district has 374 primary schools employing about 3,100 teachers and serving about 53,000 pupils. As in much of Indonesia, there are both Islamic schools (madrasah), managed by the Religious Affairs Bureau, and non-Islamic schools, managed by the District Bureau of Education. In each

\textsuperscript{65} Until end-2004, all districts in West Sulawesi were part of South Sulawesi province.

\textsuperscript{66} Central Board of Statistics 2000 data on Polewali Mamasa district which split into Polman and Mamasa districts in 2004.
category, there are both public and private schools. Primary education in Polewali and Tinambung sub-districts is representative of Polman district. As in the district at large, over 80 percent of the sub-districts’ primary schools are public and non-Islamic, serving nearly 90 percent of the sub-districts’ students and employing over 80 percent of their teachers.

Primary schools in Indonesia are organized in clusters, each with one “core school” and a number of “spillover schools”. The core school is the model, and has the most complete facilities, and usually, relatively greater power over hiring of teachers and admission of new students. There are roughly 60 clusters in Polman of 5 to 9 schools each; Polewali and Tinambung sub-districts each have three clusters. A cluster is the responsibility of one school inspector, whose job it is to assess teachers in the classroom and facilitate solutions to school problems. There are 44 inspectors in the district, including three in Polewali and two in Tinambung.

**CLCC: Where did it come from, and what is it?**

**Genesis of CLCC**

Decentralization, legislated in 1999 and begun in 2001, spurred a change in the central government’s education policy. In 2000, the government began an experiment in the decentralization of education by conducting school-based management (SBM) pilot projects in several districts. The essence of SBM is that schools are given greater responsibility for, and authority over, planning, development and management of education. Previously, school managers would wait for instructions from the central government before implementing centrally-decided education policies in their schools. After nearly three years of pilot project implementation, the concept of SBM had been widely disseminated, and in 2003 it was legalized with the National Education Law (No. 20/2003).

The government focused on two policies it deemed crucial to the success of SBM: establishment of more representative and accountable School Committees (SCs), and the relaxing of the rigid centrally-set curriculum. Accordingly, in 2002 the Minister of National Education issued Decree No. 044/U/2002 which replaced the old Parents’ Associations (Badan Pembantu Penyelenggara Pendidikan or BP3) with SCs in all schools, both religious and secular. The end goal was to improve teaching quality, and the decree aimed to do this by greatly increasing community input into, and oversight of, school affairs, making the SCs a potentially key player in education throughout Indonesia. SCs were given responsibility for and authority over ensuring additional funding for schools, managing school year plans, and monitoring school quality.67

The second policy, which has not yet been formalized, is the Competency-Based Curriculum. Under this experiment, the rigid curriculum mandated by the national government was relaxed, and individual schools were allowed to offer courses as they see fit. The government conducted pilot projects on CBC in selected regions starting in 2002,

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67 The decree also introduced the Education Council, a district-level agency to facilitate community input into district-level education policies.
expanding in 2004 to the entire country.

In 1999, the Indonesian Department of Education, UNESCO and UNICEF pioneered the Creating Learning Communities for Children (CLCC) program. The idea was to develop a model of high-quality primary education in support of the decentralization process that was about to begin. CLCC’s aim is to improve the quality of education services through improving school management accountability, strengthening parents’ participation in their children’s learning, and establishing a more active learning environment for children. CLCC pilot projects were first implemented in 124 schools of 7 districts in 4 provinces, and by 2004, had expanded nearly twelve-fold to 1,479 primary schools in 40 districts of 9 provinces.

The CLCC program

Officially, CLCC has three components: school-based management (SBM), community participation, and active, joyful, effective learning (AJEL).

School-based management

Though active SCs are now mandated by national law, in reality they function at varying levels of competence throughout the school system. CLCC’s school-based management (SBM) component aims to increase the involvement of communities, especially parents, in school management, especially by enabling SCs to function as they are supposed to under the law: as democratically-elected, engaged, and accountable community bodies which collaborate on and monitor the budgets, plans, and teaching activities of school staff.

Under the SBM component, CLCC program funding is provided for training sessions for headmasters, teachers, and SC members. Topics include school-based development planning, collaborating with the community to design school budgets, and clarifying the roles of headmasters and SCs in plan implementation. First, training sessions are held at the cluster level, attended by the headmaster, one teacher and the SC head from each cluster school. In Polman, 98 headmasters (over one-fourth of all headmasters in the district) and 110 teachers (nearly 4 percent of all district primary school teachers) have attended these sessions to date. Then, workshops are given by cluster-level trainees for all teachers at their respective schools.

Schools must successfully complete training sessions and workshops in order to be eligible for CLCC funding. They are then allocated annual grants (about USD 200 per school in Polman) to pay for improved teaching materials and other items. Additional funding is provided to each cluster to support regular meetings of teachers, headmasters, and the SC.

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68 Indonesian version of the CLCC program document (Menciptakan Masyarakat Yang Peduli Pendidikan Anak).
70 CLCC program implementation is ongoing in Polman district as of May 2005.
Active, joyful, effective learning

Traditional teaching in Indonesia is one-way, with little participation of children and an emphasis on memorization. The main activity under the Active, Joyful, Effective Learning (AJEL) component is the provision of training sessions for teachers in a brand-new methodology in which teachers initiate just 30 percent, rather than 100 percent, of classroom activities. Sessions demonstrate the AJEL method in action, including how to evaluate the curriculum, make lesson plans, worksheets, and visual aids, and improve question-asking skills. The focus is on increasing student participation. One hundred ten Polman primary school teachers have attended AJEL training sessions to date.

Under the AJEL component, support is also provided for on-the-job training sessions held at cluster schools and monthly Teacher Working Group (Kelompok Kerja Guru or KKG) meetings for cluster teachers.

The CLCC Program in Polman District

In 2001 UNICEF began CLCC pilot projects in Polman district as part of a major UNICEF intervention there which included other education programs such as the Educational Database Collection Program, health programs on mother and child health, nutrition, and environmental health, and a project to increase birth registrations.  Due to UNICEF already partnering with the District Planning Agency (Bappeda or Badan Perencanaan Pembangunan Daerah) on its other work, the District Planning Agency, rather than the perhaps more obvious District Bureau of Education, became its partner for CLCC as well. In 2002, the district’s CLCC Taskforce (under District Planning Agency management but composed of District Bureau of Education staff) began CLCC implementation at the school level. UNICEF and the taskforce focused on a total of 14 schools in two sub-districts in 2002, expanding to 14 new schools from the same sub-districts in 2003. UNICEF support to these 28 schools is planned to end by December 2005.

The total cost to UNICEF of program implementation in Polman district in 2002 was nearly USD 11,500 (Rp. 109 million). In 2003, UNICEF continued to pay for training sessions, meetings, and annual grants in the original 14 schools. However, in the 14 new schools, UNICEF only paid for training sessions; the district had to cover grants.

### 2002 CLCC Program Costs in Polman District, US$

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>Unit cost</th>
<th>Total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>14 schools</td>
<td>210</td>
<td>$2,940</td>
</tr>
<tr>
<td>Information dissemination, training of trainers &amp; school-level training</td>
<td>14 schools</td>
<td>412</td>
<td>$5,768</td>
</tr>
<tr>
<td>Teacher Working Groups</td>
<td>2 sub-districts</td>
<td>315</td>
<td>$630</td>
</tr>
<tr>
<td>Headmaster Working Groups</td>
<td>2 sub-districts</td>
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<td>$420</td>
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<td>School Committee Forums</td>
<td>2 clusters</td>
<td>300</td>
<td>$600</td>
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<td>Training for district and sub-district officials</td>
<td>1</td>
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<td>$474</td>
</tr>
<tr>
<td>Program review</td>
<td>1</td>
<td>530</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$11,362</strong></td>
</tr>
</tbody>
</table>

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Former CLCC Taskforce manager in Polman.
Research Questions and Methodology

The research team sought to test six hypotheses:
1. CLCC produced more active teaching methods.
2. CLCC made school management more accountable.
3. CLCC resulted in greater parental involvement in children’s education.
4. CLCC increased children’s participation in and outside the classroom.
5. Exam scores and drop-out rates in CLCC schools have improved relative to those of neighboring non-CLCC schools.
6. CLCC methods were adopted throughout the district.

The research team spent nine days in Polman district visiting two primary schools: one urban school, Sekolah Dasar Negeri or SDN 028 Pekkabata in Polewali sub-district, and one rural school, SDN 012 Karama in Tinambung sub-district. The schools were chosen because they represent very different educational situations. The first is relatively well-off, adopted the CLCC program on its own (in 2003), and has a very active School Committee. The second is poor, was targeted by the CLCC program directly (CLCC began there in 2002), and has a less active School Committee. SDN 028 is a “spillover school” in a cluster of nine. SDN 012 is a core school in a cluster of seven. Both are public and non-Islamic, as are 80 percent of the district’s schools.

Focus group discussions and semi-structured interviews were carried out with over 45 people including seven teachers, two headmasters, two school inspectors, eight parents, twelve School Committee members, the presenter of the radio program at SDN 012, seven members of the District Bureau of Education, two staff of the Sub-district Bureaus of Education, three CLCC Taskforce members, two ex-CLCC Taskforce managers, and one District Planning Agency staff.

Due to the short time available for fieldwork, only two schools could be visited out of the 59 in the two sub-districts—a sample size of just 3 percent of local schools, or less than 2 percent of all district schools which have adopted CLCC to date. Moreover, it is uncertain how representative the two schools are. The findings of this case study should therefore only be taken as suggestive of CLCC impact elsewhere; extrapolation from such a limited sample is risky.

72 The single CLCC-targeted school visited by the team represents 4 percent of CLCC-targeted schools in the district, and the single CLCC spontaneous-adopter school visited represents roughly 3 percent of such schools in the district.
CLCC Impact

Did CLCC produce more active teaching methods?

Yes. There was a consensus among respondents that CLCC has had an immediate and visible impact upon the way teachers in both the poorer SDN 012 and the better-off SDN 028 engage with pupils. Teachers now use a more interactive style emphasizing group work, student questions, and new learning aids such as visual tools, essays, and games. For example, the use of a paper clock recording each child’s time of arrival at school discourages lateness. Many teachers, encouraged by their successes with the CLCC-provided tools, have begun to design, use and share their own. One teacher uses the melody of a well-known song to help his students remember mathematical formulas. This innovation has been spread widely via the Teachers’ Working Group (KKG).

Teachers and headmasters at both school clusters have enjoyed a big increase in mutual support, which has likely contributed to the success of AJEL. With funding support from the CLCC program, teachers from all cluster schools attend meetings once a month to compare teaching techniques and help each other with problem-solving. Teachers reported that these meetings help them both improve their teaching practice and feel more confident about their abilities. While Teacher Working Groups (KKG) existed before the advent of CLCC, they met less frequently and covered issues in less depth. With CLCC support, headmasters also meet monthly in Headmaster Working Groups (Kelompok Kerja Kepala Sekolah or K3S) to discuss school management issues, whereas prior to CLCC, headmaster meetings were rare and irregular.

Mathematical Formulas

(sung to the tune of Lihat Kebunku)

Let’s all get together and learn the math
Don’t get bored so quickly, let’s learn the math
Let’s keep learning 2-D formulas
Let’s study together with all our friends

Circle’s area is pi-R squared
Rectangle’s area is length times width
Triangle’s area is half-base times height
Square’s area is side times side
Volume of the tube: base area times its height

Volume of the cube: sides to the power of three
Length, width, and height, together make a block
When multiplied together we get a block’s volume

Did Clcc Make School Management more Accountable?

CLCC only improved school management accountability significantly at SDN 028—the better-off school with a headmaster who was already so inclined, and, ironically, the school that adopted CLCC on its own with no outside support.

A Polman district primary school teacher, Ms. K., attended a CLCC training session in 2002 and emerged converted. The following year, promoted to headmaster, she immediately began to implement CLCC in her new school. Her
The first step was to call a meeting of all teachers to draft the school budget plan jointly. Next, she began to build the SC. She took great care to ensure a transparent process, and the nine SC members (including eight with children or grandchildren in the school) were all democratically elected. They now play an active role in planning, budgeting, and oversight of school affairs, meeting formally three times a year to discuss and agree with the headmaster on the school budget, evaluate student exam scores, and review expenditures. These meetings are a discipline the headmaster has imposed on herself. Ms. K. also ensures that school budgets and accountability reports (year-end reports in which she accounts for the previous year’s spending) are sent to the homes of all parents, and posts a large copy of the school budget at school—all recommended SBM tools. SC members and teachers greatly appreciate her openness and find it easy to communicate with her.

At SDN 012, however, school management accountability has not improved, despite direct targeting by CLCC. Like the SDN 028 headmaster, SDN 012’s headmaster, Mr. S., is a strong advocate of improving education quality. According to both teachers and the school inspector, he is creative and committed. However, people find it difficult to work with him. He is seen as being stubborn and short-tempered and tends to disregard rules. At heart he does not seem to believe that SBM is important to education quality. Thus, he has done nothing to empower the SC, which consequently plays a very minor role in school affairs. Only a few SC members have children at school, limiting parents’ ability to influence school affairs via the SC. There are no regular SC meetings, and when members do meet, it is usually to respond to a fundraising request from the headmaster. The draft budget is discussed, but as one parent noted, “If only the core SC members are present for this process, it cannot be said to be transparent.” The head, Mr. K., sees the SC’s main role as “waiting for the report from the school about the school’s physical needs. Once there is a need, the SC moves to find the funding for such needs.” The headmaster continues to control school budgets, planning, and monitoring of pupil outcomes. Twice he has misused financial reports to divert CLCC funds, once to the purchase of guidebooks, and once to the construction of a sanitation system—both reasonable purchases but not in line with CLCC spending guidelines. In neither case did the headmaster consult with the SC.

**Did CLCC result in greater parental involvement in children’s education?**

Yes. Parents in both schools were reported to be much more involved in their children’s education than before CLCC was introduced. However, the level of parental participation is greater in SDN 028, the better-off school with the more active SC.

SDN 028 parents flex their muscles. Since CLCC was introduced, parents have assisted in constructing washbasins for students, only asking the school for materials, and in painting the school—a task that in the past was only done when the District Bureau of Education decided to do it. Parents made their voices heard during scholarship allocation as well. Normally the headmaster makes scholarship recommendations, but both the SC and parents are consulted. In one case, parents vetoed the headmaster’s recommendation because they knew the child in question was not as poor as the headmaster thought. The scholarship was reallocated.

**SDN 028 parents flex their muscles.** Since CLCC was introduced, parents have assisted in constructing washbasins for students, only asking the school for materials, and in painting the school—a task that in the past was only done when the District Bureau of Education decided to do it. Parents made their voices heard during scholarship allocation as well. Normally the headmaster makes scholarship recommendations, but both the SC and parents are consulted. In one case, parents vetoed the headmaster’s recommendation because they knew the child in question was not as poor as the headmaster thought. The scholarship was reallocated.

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73 Source: focus group discussion and interviews with parents.

74 In neither case did people feel the headmaster was corrupt, only that he had made decisions without consulting others.
pay school fees: 70 percent of parents now pay, as opposed to 50 percent before CLCC. They are also more likely to contribute their time and money to school infrastructure improvement.

SDN 012 live! The school radio program provides basic information on cluster schools, announces homework assignments, delivers school lessons and quizzes, and showcases students’ good work, as well as providing entertainment for children.

The poorer SDN 012 parents are also more involved in their children’s education than before CLCC was implemented. They are inspired by seeing their children get excited about studying, and they know more about what goes on at school through letters which are copied to them that relate to key SC and other school activities. A key innovation, of the headmaster’s, has been the local school radio program. Parents reported that the radio show has increased their awareness of their children’s education, and there are cases when parents have taken their children to school to pick up paper copies of quizzes that were to have been broadcast, following the temporary interruption of radio signals.

However, SDN 012 parents remain relatively passive players in school management. Parents play at best a marginal role in planning the annual budget and monitoring expenditures: it is usually only the four core SC members who discuss the draft budget. Parents appear to have taken no action to upgrade school facilities on their own.

Did CLCC increase children’s participation in and outside the classroom?

Yes. Students from both schools have become more active and are now more likely to take the initiative in learning and in questioning their teachers. They are reported to be more enthusiastic about learning, not only at school but at home, where they do their homework more often and for longer periods of time. In SDN 012, students now meet more often in study groups, and in some cases demand that teachers be available for extra meetings to answer their questions. Students are also more in charge of study groups, choosing study topics themselves rather than leaving the decision to teachers. The school radio program is credited with a change in children’s behavior at home—they now spend more time doing homework and studying together around the radio, instead of playing outside in the evening. In SDN 028, pupil absenteeism dropped from 10 percent in 2003 to 4 percent in 2004 after CLCC was implemented. There are also reports of an increase in children’s self-esteem outside the classroom. One parent explained that normally, children of his culture (Mandar) would not even dare to look their parents in the eye, but now, his children can point out his mistakes.

Did pupil exam scores and drop-out rates in CLCC schools improve relative to those of neighboring non-CLCC schools?

No. CLCC has not resulted in improved exam scores relative to neighboring non-CLCC schools or reduced drop-out rates in either school to date. Both SDN 012 and SDN 028 headmasters did report increases in exam scores since the introduction of CLCC. Specifically, the SDN 028 headmaster reported an increase from 6.2 to 6.7 (out of 10) in grade 6 scores for all subjects between 2002 and 2004 (since CLCC was implemented). However, there is no statistical

75 Source: semi-structured interview with headmaster and parents.
76 Ibid.
difference between CLCC and non-CLCC exam results in adjacent areas. Similarly, there is no statistical difference in drop-out rates between CLCC and non-CLCC schools between 2002 and 2004. However, CLCC is only four years old in Polman; with time, it may still have an impact on exam scores.

**Were CLCC methods adopted throughout the district?**

CLCC has spread both formally, through expansion by district government, and informally, by word of mouth. The formal expansion of the program to 70 new schools in 13 clusters in 2004—reaching nearly 20 percent of all district primary schools—demonstrates the depth of the District Planning Agency’s support for CLCC: all expansion is funded entirely by the district. The District Bureau of Education, still primarily an implementing agency, has only lukewarm support for the CLCC program, however (see page 10).

The second method, adoption of CLCC by local innovators at non-target schools, has been one of the best, and least anticipated, impacts of CLCC. “Spontaneous” replication of the CLCC program has been led by inspectors, teachers, and others exposed to CLCC methods and successes. Following SDN 028’s successful experiment with CLCC, that school’s inspector brought CLCC to the eight other schools in SDN 028’s cluster. There are reports of about 30 other schools, mostly in the district capital, that have “spontaneously” adopted CLCC methods. The extraordinary thing about this development is that these schools have funded CLCC activities entirely from their own budgets. Counting spontaneous adopters, CLCC now reaches nearly 35 percent of district primary schools, and nearly one-third of these schools pay for CLCC activities entirely from their own school budgets.

77 Econometric analysis by the research team using the difference-in-difference model on a complete set of data for 13 out of Polman’s 15 sub-districts. Data was obtained from the District Bureau of Education.
78 Source: interview with SDN 028 school inspector.
79 Source: semi-structured interview with CLCC Taskforce manager.


**Building on CLCC success**

**What made CLCC work?**

**Changes in national government policy.** The CLCC program would not have happened had it not been for Indonesia’s decentralization reforms beginning in 1999. These led directly to the decentralization of education, including one of the centerpiece education reform policies, school-based management (SBM). CLCC was designed to maintain and improve education quality during decentralization, in particular through support for SBM implementation at the school level. SBM legislation loosened the political reins on SCs by transferring the bulk of the responsibility for school planning, funding and management to them, and created a climate encouraging change and the adoption of new teaching methods such as AJEL.

**Headmaster leadership.** There is no question that the headmaster is key to CLCC impact—indeed, it is hard to imagine how CLCC-promoted changes in teaching practices and community engagement could be implemented otherwise. In this case study, the changes supported by the headmaster were the changes which took hold—AJEL in both schools, and SBM in one.

**Rapid and visible changes in teacher, student and parent behavior as a result of AJEL.** Some teachers found AJEL difficult to do at first, as they were used to the old lecturing style and had never before been required to prepare visual or other tools to make learning more joyful for students. AJEL requires that teachers spend time being creative. Clearly, teaching preparation pre-AJEL was much simpler. Yet as the more flexible teachers went ahead with the new method, more reticent teachers became convinced of its importance, and themselves became willing to change. In the end, teachers were converted to AJEL because it works. Both teachers and students from the better-off and the poor school now genuinely like AJEL, while parents are more supportive of their children’s schooling as they see the enthusiasm that the new method has created. Clearly, the AJEL tools provided by CLCC are the right ones, at least for these two schools.

**Institutionalized mutual support.** At both schools, support for the frontline—teachers to teachers and headmasters to headmasters—has been part of the CLCC program from the start, complete with regular funded meetings at CLCC cluster schools. Both teachers and headmasters find the “new generation” of Teacher Working Groups and Headmaster Working Groups immensely helpful.

**Multiple routes to access parents.** Parents, CLCC’s potential champions on the home front, are reached not just formally via SC meetings and school handouts, but informally via their enthusiastic children and an innovative radio program at SDN 012. For poor parents whose time has a high opportunity cost, the informal route is key. Had SDN 012 been forced to rely only on the SC to reach parents, parental involvement in children’s education would likely have been much less.

**Easy and frank communication among headmaster, School Committee and school inspector.** SBM cannot work without good cooperation among school management personnel. Good cooperation in turn depends upon
the simple ability to communicate. As a result of the SDN 012 headmaster’s inability to work together with the SC and the school inspector, the SDN 012 SC is unable to support its school actively. In contrast, the SDN 028 headmaster meets with her SC head at least once a week, and all SC members are deeply involved in the management of school affairs. The easy and open communication that all SDN 028 school managers enjoy is key to the success of SBM there, while the autocratic style of the SDN 012 headmaster is key to the failure of SBM at his school.

**What held CLCC back?**

**The beliefs and leadership style of the headmaster.** SBM depends on open debate among SC members, parents, teachers, the school inspector, and the headmaster about the school’s yearly priorities. The autocratic style of the SDN 012 headmaster—possibly stemming in part from his lack of belief in the importance of community participation—has quashed the possibility of such debate, and left SDN 012 with a passive SC and powerless parents.

**Bypassing the District Bureau of Education.** UNICEF chose the District Planning Agency as its CLCC partner because it was simpler: UNICEF already partnered with the Agency for other work in the district, and preferred to continue dealing with a single partner. UNICEF thus disburses all CLCC money to the Planning Agency. The District Planning Agency may not take on the role of implementor, so it passes the money on to the District Bureau of Education as implementing agency. But the Agency maintains a de facto management role over CLCC in two ways. First, as UNICEF partner, it is responsible for ensuring Bureau of Education compliance with UNICEF’s strict financial accountability rules for CLCC. Second, though the CLCC Taskforce is nominally under the Bureau’s management, it was the Agency which recruited Bureau staff for the Taskforce, and in fact the Taskforce coordinates more with the Agency than the Bureau.

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Dotted arrows indicate input relationship only. Solid arrows indicate supervisory relationship.80

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80 The solid line from the District Planning Agency to the District Bureau of Education represents their relationship within the CLCC program only.
Through its informal relationship with the Taskforce, the Agency has been the driving force behind CLCC expansion, frustrated with the Bureau’s slow pace of change. The Bureau, meanwhile, gets no financial incentive for implementing CLCC, and plays only a minor role in monitoring and evaluation. With its old-style hierarchical structure, it is institutionally difficult for the Bureau to adopt new ideas. The Bureau is not particularly happy about the Agency’s de facto managerial role over CLCC. It may be that the Agency—UNICEF’s partner for a host of other activities both in the district and throughout the country—was the best choice for CLCC partner at the outset; however, CLCC will need the active support of the District Bureau of Education—the agency charged with responsibility for children’s education—to be sustainable.

**Status quo on exam scores.** The key failure of CLCC to date is its inability to raise exam scores relative to non-CLCC schools. Without adequate data, it is only possible to guess at the reasons. Perhaps the lack of a direct link between AJEL tools (designed to stimulate children’s creativity, critical ability, and love for learning) and exam subjects (designed to check children’s knowledge of mathematics and languages) is a problem. Perhaps children’s knowledge has simply not increased as a result of CLCC. Or perhaps it has increased from the new methods, but exam scores—after all, designed to test knowledge gleaned from “old methods”—are not an accurate reflection of that knowledge. If so, exam scores are an inappropriate indicator for the CLCC program. The lack of movement on exam scores has had no apparent damping effect on the enthusiasm of Polman schools for CLCC—the district has funded substantial expansion and many other schools have paid to adopt CLCC on their own. However, for the District Bureau of Education, an unenthusiastic stakeholder but the partner CLCC really needs to convince, exam scores remain a key CLCC indicator. It is likely its already weak support for CLCC will diminish further if there are no quantitative improvements in student learning outcomes.

**Does poverty matter?** It is notable that in this case study family poverty did not appear to make a difference in parents’ involvement in their children’s education, nor in children’s positive response to the novel AJEL methodology.

**Poor and less-educated parents.** The research team hypothesizes that SDN 012 parents’ relative poverty and low education levels contributed to the failure of SBM there. Such parents may be less interested in or able to demand a voice in SC meetings or to insist on holding the headmaster accountable for key school management decisions, perhaps because of the high opportunity cost of their time, or their traditions of behavior in relation to figures of authority. SDN 028’s better-educated and richer parents have helped make communication among all stakeholders easier there, thus increasing the level of parent participation in school management.

**Cookie cutter implementation.** CLCC, perhaps not surprisingly, is doing better in the school where local capacity is higher, parents have more money and time to devote to their children’s education, and a champion headmaster is driving the process forward. To date the CLCC program has not provided any support such as additional training to SDN 012, a school that is clearly not well-equipped to implement SBM.

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81 UNICEF monitoring has not included data collection and analysis for non-CLCC schools.
82 A view also held by the SC head.
Making it replicable

Cultivate the right kind of leadership. Headmaster leadership is a key factor in CLCC impact. To help ensure a positive impact, leadership training for headmasters could become part of the CLCC model. Alternatively, CLCC could target other potential leaders such as school inspectors, School Committee heads, older teachers, or District Bureau of Education staff who already have the “right” characteristics—conviction of the importance of and need for SBM, an inclusive leadership style, and the power to effect change or influence the headmaster. One criteria for CLCC expansion could be the presence of committed individuals within schools or clusters who demonstrate an “active demand” for CLCC, perhaps by attending meetings or raising initial funds on their own.

LEADERSHIP IS KEY TO THE SUCCESS OF SBM.

The SDN 028 headmaster, Ms. K., can be characterized as a driven but inclusive leader. While she had a clear vision of how and why she wanted to implement CLCC, she moved cautiously. At every step in CLCC implementation she took care to get support from teachers, SC members, and parents. In particular, she recognized the importance of a democratically elected SC with real parent representation, organizing an election in which over 80 percent of parents participated. Notably, she left the SC meeting room when votes were cast. Parents and SC members are now deeply involved in budgeting, planning and monitoring through frequent meetings and the dissemination of budgets to all parents.

The SDN 012 headmaster, Mr. S., is a visionary but exclusionary leader. His approach to CLCC implementation has often been to do what he thinks is right without bothering to consult teachers, SC members, or parents—harming SBM from the outset. This had the advantage of moving implementation along quickly, but has also alienated stakeholders. At his school, less than a third of parents participated in SC elections, which were only for the core positions of chair, secretary, treasurer, and assistant. When a majority of parents finally showed up for a follow-up meeting, they were asked to “approve” the SC elections. The SC then took it upon itself to appoint seventeen additional “advisory members.” As for activities, even the headmaster agrees that the SC is not very involved in planning and monitoring in his school.

According to a member of the CLCC Taskforce, urban parents like CLCC, and some urban schools have responded to this by adopting CLCC as a way to attract more high-performing students. In such a climate, less-motivated headmasters might still be successfully pressured by intent parents to implement SBM.

Focus on AJEL. In this case study, even when SBM failed, AJEL still had a dramatic impact on the behavior of teachers and students. The ultimate goal of CLCC is to improve education quality. A provocative question is how necessary SBM is to this goal. Even if successful SBM fuels stronger AJEL impact, an initial focus entirely on AJEL in schools with a low chance of SBM success would yield immediate cost savings (from SBM training activities) without reducing teaching methodology outcomes. Schools already interested in SBM could pursue it on their own, and poorer schools with less organized parents could push increased community involvement in school affairs to the longer term. That said, by increasing community (and especially parental) interest in schools, SBM will likely play an important role in ensuring the financial sustainability of CLCC.

Measuring success: get it right. Two things are key to measuring success, and thus being able to replicate it: getting the indicators right (which requires an unambiguous goal statement), and measuring them right. The CLCC

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83 For example, one teacher appointed as school treasurer felt his position carries no weight, as the headmaster spends money without consulting him.

84 This assumes that AJEL improves education quality, which has not been proven.
program aims to improve education quality. But what is high-quality education? To get the indicators right, the major stakeholder groups—notably including the students themselves, but also teachers, parents, and school management—should be canvassed for their own definitions of education quality. Success in education “process” elements such as AJEL may turn out to be as important to education quality as success in “outcome” elements such as exam scores.

Are exam scores a valid way to measure improvements in education quality? Certainly not always. Exams can test the “wrong” topics, or in the “wrong” ways, failing to bring out the new knowledge students do have as a result of education reforms such as AJEL. Or, exams can test the right things in the right ways, but be falsified by students, teachers, or examiners. There are indications that cheating on the national exams was a problem in Polman district.

Are exam scores the best way to measure improvements in education quality? The answer, of course, is no. There are several alternative quantitative indicators that can be used as proxies for improved education quality, including student absenteeism, drop-out rates, teacher absenteeism, and the percent of the school budget devoted to the purchase of learning materials as opposed to infrastructure.

Has replication reduced quality?
Spontaneous and district-led CLCC replication has brought CLCC to 100 more primary schools in Polman district—but has this led to any decrease in CLCC quality? Given the difficulties in measuring quality to begin with, it will likely be some time before this question can be answered.

Though higher exam scores may still be the ultimate outcome for key decision-makers such as the Ministry of Education, an essentially qualitative program such as CLCC cannot be—and is not being—judged solely on quantitative grounds. Indeed, CLCC has already been replicated both formally and informally by the District Planning Agency, and by headmasters, teachers, students and parents at many schools without demonstrable success in exam scores. There are many possible qualitative measures of education quality. For instance, how able are students to be critical now, compared with before AJEL was introduced? How responsive are teachers to students’ new ideas now? To some extent, the qualitative can be represented by quantitative proxies. For example, the percentage of students who ask a question during a class can serve as a proxy for students’ critical ability.

To measure indicators right, a much-improved monitoring system is necessary. With Indonesia’s decentralization, data collection has suffered, but improvement is possible. Data collection must not only be in CLCC schools, clusters and districts, but in socio-economically comparative non-CLCC schools, clusters and districts throughout the country (perhaps even the region). Data collectors must be well trained. Ideally, data will be accessible and regularly analyzed, with key findings feeding back into periodic “tweaking” of the CLCC program at the cluster level.

Cast a wide net. According to one ex-CLCC Taskforce manager, the district government’s selection of 70 schools for
CLCC replication at random was a mistake—they should have ensured that the schools belong to the same clusters. However, the motivated SDN 028 headmaster got her CLCC start from a CLCC training she attended while a teacher in another school. The lesson: district-level training can have a major ripple effect, so it should be provided to as many people in as many clusters as possible.

**Tailor CLCC to the community.** There is some evidence that poorer, less-educated communities have less chance of success in implementing CLCC: most spontaneous replication has been in urban areas which are better-off and better-educated. However, in this case study even the poorer, less-educated community still successfully implemented AJEL as well as increasing parental involvement in children’s education. A large part of the reason had to do with the highly effective school radio program. It was not, then, the less-educated and poorer group of parents per se that has reduced CLCC impact at SDN 012, but the way in which those parents are approached. Poorer, less-educated parents don’t have time to attend SC meetings, but they can listen to the radio while working at home. Parents from rural areas without a tradition of community involvement in education may not have the inclination to join the SC or attend its meetings, but in the privacy of their homes and inspired by the radio program they can still become more involved in their children’s education. The radio program was a serendipitous add-on to CLCC in SDN 012. This study points out the importance of deliberately tailoring CLCC to the socio-economic characteristics of each school community. This in turn necessitates identification of potential “problem” schools before CLCC implementation in new areas. Given the extent of CLCC implementation to date, there is likely already ample data available for such an exercise.

**Plan the phase-out of external support to ensure sustainability.** In the case study, external funding was not necessary for CLCC replication. The 70 schools to which the district expanded the program are being supported by it, while the roughly 30 schools that have adopted CLCC on their own pay all costs out of their own budgets. At SDN 028, the enthusiastic, trusted, and effective headmaster was able to implement CLCC with no external funding (though her initial training was paid for by CLCC). At SDN 012, which is receiving UNICEF funding, the headmaster stated that he would continue to implement CLCC even without external support. However, the well-off SDN 028 has more financial resources to spend on CLCC with monthly fees of Rp. 10,000 per family, about four times higher than SDN 012 fees. UNICEF support for CLCC in Polman is planned to end in December 2005, though there are rumors that it may be extended by one year. It is possible that SDN 012, with its poor parents and detached headmaster, will not be able to raise sufficient funds for CLCC once UNICEF support ceases. There are several funding options, including increasing community contributions, getting more long-term financial commitments from the District Bureau of Education, and identifying low-cost substitutes for CLCC materials that currently must be purchased. In any case, it is unclear what will happen when UNICEF’s support ends. Among the unanswered questions: as students pass from AJEL in primary school back to the old teaching methods in secondary school (where CLCC is not being implemented), what will happen to CLCC impact? With just seven months left as of this writing, there are still many loose ends. The right partner for sustainability—the District Bureau of Education—has not yet bought into CLCC.
Case Study 4:
Improving Budget Transparency
in Bandung, West Java
Abstract

Founded in 1999, the Bandung Institute of Governance Studies (BIGS) is an NGO devoted to promoting budget transparency in Bandung, West Java. To date, BIGS has been successful in obtaining and disseminating city budget information, publishing several books as well as an annual poster which lists the budget allocations and unit manager names and telephone numbers for all 80 city government units. It has provided citizens, politicians, NGO staff, the media and students with training on how to analyze and use budget information in advocacy efforts. Information provided by BIGS has empowered the city parliament or DPRD to strengthen its role as a check on the executive branch of city government and is being used by government to reduce budgetary fraud and waste. BIGS has even taken some direct action of its own, bringing a well-publicized case of corruption against some Bandung city DPRD members that is still under investigation. Bandung city citizens’ awareness of the importance of the budget and the need for budget transparency has been raised, and the issue of budget transparency is being taken up in other cities and by other NGOs because of BIGS. Key to BIGS’ success has been its ability to bring its strategy in line with its organizational strengths and weaknesses. Other important factors include its reputation for honesty, excellence and sincerity, its charismatic leader, multi-year untied core funding, its wide network of government contacts, and its use of many different channels and formats to reach people. Finally, national-level decentralization and accompanying reforms created an enabling environment for organizations such as BIGS. Despite BIGS’ successes, BIGS’ work has not yet resulted in a more pro-poor city budget. Perhaps most importantly, BIGS depends on other NGOs to serve as “pollinators” to put its information to work on behalf of specific groups such as the poor. In fact, BIGS does not target the poor explicitly, though budget analysis, training, and information dissemination are all activities that could be effectively re-designed with the poor in mind. BIGS’ citizen outreach is limited in both numbers and impact: a frequent criticism is that its budget analysis is too complicated for ordinary citizens to understand and use. The fact that it does not publish information on draft budgets, but only on approved budgets, also limits the ability of citizens and NGOs to use the information for change. Finally, entrenched local groups and dishonest leaders undermine some of BIGS’ attempts at reducing budgetary fraud and waste.
Introduction

As part of its mandate to alleviate poverty in Indonesia, the World Bank is undertaking a series of case studies to promote better services, especially for poor and disadvantaged people. The case studies were chosen from the many innovative practices seen in Indonesian local government in recent years through a competitive outreach process managed by the World Bank. Donors, non-governmental organizations, and local government staff were contacted and encouraged to submit proposals regarding innovative pro-poor service delivery work that they either were undertaking or knew about. This case study examines a local NGO working to improve budget transparency in Bandung city, West Java.

The Study Site: Bandung City

Bandung city (kota) is the capital of West Java province and the cultural center of the Sundanese ethnic group. The city, on a high plateau, is home to several well-regarded universities and institutes. It is also a manufacturing hub for textiles and garments for export, with many outlets attracting weekend shoppers from the nearby national capital; factories provide jobs for residents. Within the city limits there are also rural areas, however, and many of Bandung’s 2.5 million residents are small farmers. The poor comprise about 7 percent of the population.87

Budgets in Bandung

There is no Indonesian equivalent to the U.S. Freedom of Information Act that would require local government to make budget information (such as proposed or approved budgets or audited expenditure information) available to the public, though a discussion on a “Kebebasan Informasi” (Freedom of Information) Law is ongoing in the National Parliament. Citizens are generally unaware of the proposed law, and local governments are unmotivated to provide information voluntarily. Personal relationships remain key to accessing government information.

In theory, public input to the budget is ensured by the relationship between the city parliament (Dewan Perwakilan Rakyat Daerah or DPRD), with locally elected representatives from the 26 sub-districts (kecamatan), and the executive branch offices, headed by the Mayor’s office. The budget is developed by the executive branch and then submitted to the DPRD for review and legalization. Direct public participation in budget planning takes place at a series of Development Planning Meetings (musrrenbang or Musyawarah Perencanaan Pembangunan) at local and district levels. However, these meetings focus more on ascertaining local leaders’ priorities than on enabling debate between the community and the government. Since the budget is not publicly released or debated, direct citizen pressure on government is limited.

The Bandung Institute of Governance Studies (BIGS)

The Bandung Institute of Governance Studies (BIGS) is an independent non-governmental organization founded in

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86 www.bandung.go.id.
87 Biro Pusat Statistik (2000).
Improving Budget Transparency

In Bandung, West Java

Making Services Work for the Poor: Nine Case Studies from Indonesia

1999 by several former students from the Department of Development Studies, Bandung Institute of Technology. Initially, the organization attempted to work directly on improving the delivery of basic services, but since 2002, it has focused on budget transparency.

BIGS has a multi-faceted mission to promote good governance, civil society and democracy and to empower civil society as well as government staff themselves to hold government accountable. BIGS believes the budget, as the primary mechanism for government to implement its policies, is key to understanding how the government plans to deliver on its political promises. Analysis of the budget can reveal how much money is allocated directly to programs and services that help or target the poor. BIGS wants to remove the “budget information imbalance” between government decision-makers and the public, between the legislative and executive bodies, and between managers and staff within government bodies themselves. The organization sees itself not as a monitor of the budget but as a provider of tools—it obtains and publishes detailed approved budgets showing what money is really spent on, as well as providing education and training on the budget planning process and how to participate in it, and on how to understand and use budgetary information. These “tools” are intended to enable others, including citizens, other non-governmental organizations, government bodies and the media, to monitor local government and eventually participate more effectively in the planning process which informs government spending priorities.

Methodology

**BIGS’ mission**

- Develop good governance, civil society and democracy;
- Carry out advocacy based on sound social research;
- Develop and strengthen civil society;
- Develop economic, political and cultural democracy in society;
- Develop good, clean and efficient government institutions;
- Develop community autonomy and local institutional capacity; and
- Develop good governance, civil society and democracy by the media.

To achieve its mission, BIGS shall:

- Carry out research and education on governance, civil society and democracy;
- Develop ways to enable community autonomy and strengthen local social institutions; and
- Develop publications and disseminate research findings and information through seminars, workshops, discussions, journal and book publishing, and the media.

Three researchers visited Bandung for eight days in mid-March 2005, conducting semi-structured interviews and focus group discussions with 29 informants. Informants were selected either because they could provide information about how BIGS works, or because they could speak about BIGS’ impact on the public, government officials, politicians, or themselves. Interviews were conducted with print and radio journalists, representatives of NGOs, recipients of BIGS training, members of an organization formed by BIGS (APAKB), DPRD members, and officials from the planning, water, finance, and treasury offices (Dinas Pendapatan Daerah/Dispenda). Interviews were also conducted with current BIGS staff, founding members, former researchers, and

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88 BIGS has not yet published or analyzed audited expenditure or variance data, or information on draft budgets.
89 Paraphrased from www.bigs.or.id.
APAKB members now working at other NGOs or elected to the DPRD.

The following hypotheses were tested during the fieldwork:

- BIGS has improved governance in Bandung City via its budget transparency work.
- BIGS’ positive impact on governance has not yet extended to making the budget more pro-poor.
- BIGS is having an impact on citizen involvement in the policy-making process.

**BIGS’ Impact**

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<td>Soeharto’s fall</td>
<td>BIGS established</td>
<td>BIGS’ report card exercise implemented (ended June 2003)</td>
<td>First Ford Foundation grant made to BIGS</td>
<td>Bigs’ 10 episode radio show on budget issues began (ended in 2002)</td>
<td>BIGS’ first book on the budget, “DPRD Expenditures published”</td>
<td>BIGS issued press release about possible corruption involving the 2002 DPRD budget</td>
<td>BIGS began cooperation with PKS on budget posters</td>
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**Has BIGS Improved Governance in Bandung City via its Budget Transparency Work?**

BIGS has been successful in obtaining and disseminating city budget information. Before BIGS put its spotlight on the budget, the practice of the city executive branch had been to provide only a budget summary to the DPRD, and no detailed budget breakdown was available to the public. Since 2002, through dogged and exacting research, BIGS has proven that it is in fact possible to obtain very detailed budget information.

BIGS disseminates budget information in several formats to a wide audience. An annual poster lists 80 city government units together with their budget allocations and the contact information (names and telephone numbers) for unit managers. The posters target the general public, so the information is presented in a simplified format.

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90 The 2003 poster title was “What’s Going On With Bandung City APBD 2003” (Ada Apa Dengan APB Kota Bandung tahun 2003), which mimicked the title of a pop song that was very famous at that time, “What’s going on with you” (Ada apa dengarmu). The 2004 title was “Announcement APBD 2004” (2004: Bewara APBD 2004).
format. Of the 3,000 posters produced annually since 2003, half are sturdy enough to be posted outdoors, while the rest are regular paper posters distributed to activists, public officials, local leaders, and others who wish to display the information.

BIGS’ seminal publication is “The DPRD Expenditures” (Belanja-belanja Dewan), which analyzed budget data from 1997 to 2002. Research for this book uncovered major corruption in the 2002 DPRD budget and precipitated charges against several DPRD members (see below). Since 2003, BIGS has also published a book each year entitled “APBD Document” (Dokumen APBD) with the complete city budget (Anggaran Pendapatan dan Belanja Daerah or APBD), obtaining the information through its government and political contacts. About 1,000 copies are distributed each year, mainly to government officials, academics, and NGOs.

BIGS’ bimonthly magazine, Bujet (“budget” in Sundanese), contains articles providing a more detailed and sophisticated analysis of the budget, as well as discussions of issues related to the planning and public consultation process. It is targeted to a more educated and activist audience. For example, the most recent issue (January-February 2005) included articles on budget transparency from a religious perspective and a report from a recent seminar run by BIGS in cooperation with the International Budget Project on applied budget work. 1,000 copies of the magazine are distributed to government officials, DPRD and political party members, NGOs, and universities every other month. Other BIGS publications include “You Better Know—Public and Apparatus Expenditures in APBD/Local Budget 2003” (Sebaiknya Anda Tahu—Belanja Publik dan Belanja Aparatur Dalam APBD tahun 2003) and “Those Who Have Just Shopped” (Mereka Yang Baru Belanja) (2004) with expenditure data for all Bandung city working unit activities.

BIGS does not rely only on the print media; it has a strong radio presence as well. In 2001 and 2002 it conducted a ten-session talk show on budget transparency on a local radio station. BIGS’ director is still a regular guest on local public affairs radio shows such as the “FDWB Talkshow,” appearing frequently to discuss budget transparency and other public policy issues. The radio programs are an important media outlet since they reach regular citizens throughout the province in an easy-to-understand format.

BIGS provides citizens, politicians, NGO staff, the media, and students with training on how to analyze and use budget information in advocacy efforts. BIGS offers training on the budget planning process, understanding the composition of the APBD budget, and how to analyze and use budget information and the planning process to advocate on behalf of citizen interests. Since 2004, BIGS has provided training for 94 people, of whom 55 percent are staff of NGOs or social organizations and 30 percent are students and other academics; the remainder are media, legislators and political party members. BIGS also conducts seminars, roundtables, and workshops for special groups on the same topics. For example, in February 2005, a workshop on budget planning was attended by DPRD

91 The International Budget Project was formed in 1997 to improve the capacity of civil society to analyze and influence government budget processes, institutions and outcomes (www.internationalbudget.org).
92 FDWB, or “Bandung Journalists’ Discussion Forum” (Forum Diskusi Wartawan Bandung), is a forum of Bandung journalists with the mission of strengthening democracy through the media. Since 2002, it has cooperated with MARA radio station on a weekly show about current affairs.
93 These shows reach an estimated audience of 35,000-40,000 listeners (phone interview with FDWB and a MARA radio reporter).
members, government officials, members of the military, and the general public. An added benefit of the training sessions is that they present like-minded organizations and individuals with an opportunity to establish informal networks to further their budget transparency work.94

**Information provided by BIGS has empowered the DPRD to strengthen its role as a check on the executive branch of city government.** The executive branch is responsible for developing the APBD budget and releasing it to the DPRD, which reviews and approves it. On paper these two bodies are equally powerful, but until BIGS began to focus on budget transparency, the executive branch tightly controlled the flow of information, forcing the DPRD to accept budget summaries rather than detailed budgets for review and approval. DPRD members reported that since BIGS began publishing the complete APBD budget in 2003, demonstrating that the budget is both obtainable and detailed,95 they have started to debate the budget in detail,96 and have even revealed questionable budget line items to the media in an effort to bring budget discussions into the public realm.97 In theory, with this new information they can question executive policy as reflected in the budget, and even reject the budget itself. Some DPRD members have begun to be proactive in requesting information, analysis, and guidance from BIGS.98

**Information provided by BIGS is being used by government to reduce budgetary fraud and waste.** Since BIGS has begun to publicize its close analysis of the budget and the budget itself, the government has cut or decreased its allocation to certain line items which have been criticized as unregulated or unclear, and thus susceptible to corruption. In 2005, Bappeda (the city development planning board), the DPRD, and several executive departments made a number of changes to their budgets to reduce waste and opportunities for fraud. For example, the budget for staff travelling to other cities (biaya dinas)99 was cut by 10 percent, unclear budget line items such as "coordination and harmonization" were deleted,100 and the budget for stationery and photocopying was cut.101 NGO activists, journalists and policy makers themselves report that since BIGS began to work on budget transparency, policy makers are "more careful" about budget formulation.102 According to them, this is because officials know that they cannot hide improprieties from BIGS. Everyone locally is aware of a case brought by BIGS to local prosecutors in 2004 charging that several DPRD members misused funds allocated to an "unregulated" line item (an item not explicitly covered by legislation or allocated to a particular department or service), and officials now take budget

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94 Interview with Komplen, an NGO working in Bandung district.
95 BIGS only publishes approved budgets, not draft budgets being developed and debated, so the information it provides concerns the current year’s operating budget (approved the year before) or the prior years’ executed budgets. BIGS does not yet present or analyze audited expenditures.
96 Bandung Municipality DPRD member.
97 For instance, “unpredicted budget” (biaya tak terduga), “coordination costs” (biaya koordinasi), and “meals budget” (biaya makan dan minum) have been discussed (phone interview with BIGS head).
98 According to a DPRD member and former APAKB head.
99 Critics have pointed out that DPRD members’ travel often has unclear objectives, no follow-up, and is only for pleasure.
100 It is now embedded in the program budget.
101 In theory, greater budget transparency would change budget allocation from one year to the next, yet because BIGS has only focused on budget transparency since 2003, such changes would barely have had time to surface (Kabid Sosbud Bappeda Kota Bandung, or head of Bappeda’s Social Culture Unit, Bandung City).
102 The head of FPPM (National Forum for Popular Participation), one of BIGS’ founders, Deputy Director of Sawarung (Bandung Citizens’ Forum), a journalist for “Gatra” weekly magazine, and a member of Parliament.
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transparency seriously. BIGS’ reputation for being able to obtain budget data and the example of the court case have helped to increase pressure on policy makers to be more “correct” in formulating their budgets—to reduce allocations to unclear items and spending that is perceived to benefit government workers rather than citizens. Undoubtedly, BIGS has raised the profile of the issue of budget transparency among activists and policy makers alike, and they now believe that it is important for the government to be more transparent in order to increase public accountability.

BIGS has taken direct action based on its own analysis. In 2002, BIGS discovered that forty-five percent of that year’s DPRD budget had been labeled “miscellaneous” (biaya lain-lain), though according to usual practice in Indonesia, allocations to miscellaneous items should not exceed ten percent of the total budget. In early 2003 BIGS issued a press release pointing out the irregularity, which quickly captured citizens’ attention, as this was the first time such information had been made publicly available. BIGS’ findings were also carried by several local newspapers including Pikiran Rakyat (a major West Java newspaper) and broadcast on the radio.

BIGS originally intended only to publicize the information. However, in a separate case that year, 27 of the 1999-2004 term DPRD members of Padang City, West Sumatra, were charged with corruption and sentenced to six years in prison and a Rp. 200 million fine each (the case is still under appeal)103. This inspired BIGS to bring a case against the Bandung City DPRD to the district attorney, and when this produced no quick results, in 2004 it appealed to the National Ombudsman Committee. After that, the district attorney released the names of four people suspected of corruption, including the head of the previous DPRD. As of March 2005, this case was still under investigation, despite which three of the suspects had been re-elected to the current DPRD.

Has BIGS’ Positive Impact on Governance Extended to Making the Budget more Pro-poor?

Not yet. BIGS believes that the current lack of budget transparency is largely to blame for city services that are still not pro-poor, meaning that expenditures are not specifically targeted to services which address the main needs of the poor. It realizes that focusing on budget transparency does not have a direct impact on improving services, especially those targeted at the poor. However, it assumes that citizens and citizen groups will learn how to use information about the budget to understand how budget allocation works, to monitor government performance, and to advocate for better performance for all citizens. Ultimately, BIGS hopes that by providing information as well as setting an example of how to act upon that information, individual citizens and activist groups will also become more active participants in the policy process.

To date, the education-focused Independent Teacher Aspirations Forum (FAGI or Forum Aspirasi Guru Independen) is the only known example of an NGO that has used BIGS’ information to advocate directly to the government. According to FAGI, there has been an increase in the city education budget from Rp. 17 billion in 2003 to Rp. 48

103 www.antara.co.id.
It is possible that this increase is partially due to FAGI’s advocacy work on behalf of teachers and poor students, work that was inspired and supported by BIGS.

**Has BIGS had an Impact on Citizen Involvement in the Policy-Making Process?**

Bandung City citizens’ awareness of the importance of the budget and the need for budget transparency has been raised. Journalists, politicians, and local leaders have all noticed that the public is more aware of budgetary issues since BIGS began its work. For example, many people call or send short messages to radio shows asking how can they help monitor the budget, asking for example, “Is there a budget to rebuild my local road?” or, “If our children’s school is broken down, does the government have the budget to rebuild it?” Local leaders (sub-district heads or camat, as well as informal community leaders such as respected activists or elders) who have displayed BIGS’ budget posters also report that citizens definitely take notice of the posters and respond to the information by questioning them. Service providers, such as the head of the city Education Department, are also beginning to be questioned directly by citizens.

Through its activities, BIGS has not only raised public awareness of the significance and function of the budget, but also of the fact that the public has a right to know the budget and how elected officials are spending it. As one DPRD member commented, “Citizens might never have known that the budget belongs to them; it…is known now!”

**Journalists are making use of BIGS’ budget information to educate themselves and their audience.**

According to one journalist, before budget information was provided by BIGS, if journalists needed it, they had only government officials to rely on, and rarely got what they wanted. BIGS now provides an alternate, reliable source.

**The issue of budget transparency is being taken up in other cities and by other NGOs because of BIGS.**

Although only one organization, the education-focused FAGI, appears to be actively using BIGS’ budget information for direct sector-specific advocacy (see above), a number of other NGOs are taking advantage of BIGS’ services to

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104 However, 2003 APBD data obtained by the research team does not coincide with this information, and the amount and nature of the increase is unclear.
105 Journalist, “Gatra” weekly magazine.
106 DPRD member.
107 “Gatra” magazine.
explore and work on budget transparency. Komplen, an NGO focusing on budget issues in the district of Bandung (kabupaten Bandung), uses BIGS’ budget information when talking with DPRD members.\(^\text{108}\) Persis (Persatuan Islam), a National Islamic organization which focuses on the pure implementation of Islam in Indonesia, has asked BIGS for advice on how to monitor budgets and prevent corruption and has been invited to attend BIGS training sessions\(^\text{109}\). PAN (the National Mandate Party or Partai Amanat Nasional) has requested BIGS’ guidance in developing budget posters for another city, Sukabumi (also in West Java). One member of the Jatinangor Citizens Forum who was trained by BIGS has already published the Sumedang city budget. Citizens from other cities such as Cimahi have also begun to respond to BIGS’ information, pressuring their governments to publish their budgets as well.\(^\text{110}\)

**Key Factors in BIGS’ Success**

*The early days: trying to work “downstream”.* One of BIGS’ first activities was a Report Card exercise on the public’s perception of city services to provide feedback to service providers and push them to be more “pro-poor”. However, the exercise had no real impact on service provision. According to BIGS staff, this was because as a very new organization, BIGS did not yet command the attention of key senior officials, and so could not affect the services departments they managed. BIGS staff also admitted to methodological mistakes such as not selecting respondents from among low-income citizens (though a list was available at the Bureau of Statistics), and neglecting to ask about respondents’ incomes, thus making it impossible to reach conclusions about the perceptions of poor service users—conclusions which might have increased the utility of the exercise to service providers.

BIGS has deliberately tried out, and discarded, several approaches to improving service provision, ultimately settling on one that effectively exploits its strengths in research, analysis and publicity. BIGS’ earliest activities (1999-2001) were aimed at understanding and improving service delivery in the city and were not focused directly on budget transparency. Initially, it concentrated on research, but its early studies did not consistently target one policy area, and often were not accompanied by the intense advocacy follow-up necessary to achieve an impact. BIGS’ first study focused on improving public services through the creation of an ombudsman’s office. In 2002 it conducted a “Report Card” exercise to gather client feedback on municipal services, but local service providers did not seem interested in responding to the results, or in adopting the “Report Card” methodology as a self-assessment tool. Nor, on the other hand, did citizens begin to pressure for better services as a result of BIGS’ research. In 2003 BIGS tried another tack, creating an activist organization, APAKB (The Alliance to Actively Participate in the Bandung City Budget Process, or Aliansi untuk Partisipasi Aktif Anggaran Kota Bandung), yet although its members remain active individually, APAKB has failed to become a strong community-based advocacy organization itself.

\(^{108}\) Bandung city and Bandung district are separate entities.

\(^{109}\) Journalist, “Gatra” weekly magazine.

\(^{110}\) Ibid, and many times the host of the Mara radio talk show.
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APAKB then... In 2003, BIGS founded APAKB as a community forum advocating for and by citizens on budget issues. City residents submitted the names of over 1,000 “informal leaders” to BIGS. These leaders agreed that APAKB should focus on monitoring city governance, especially the budget. Core members were chosen, three focus sectors were identified, and a leader was selected. APAKB also began producing a monthly bulletin on budget transparency, distributing it to NGOs and youth organizations.

...and APAKB now. The bulletin is no longer produced because of a lack of funds, and APAKB’s only activity currently is issuing joint press releases on education. APAKB has very limited funding, all from BIGS. APAKB’s members all have other professional responsibilities—many lead other community organizations—so they have little time to contribute to APAKB.

BIGS staff realized these efforts were not having much impact on service provision. Consequently, they began to focus on the wider issue of municipal budget allocation to services, and thus on budget transparency itself, in order to allow the public to see how the government sets priorities, and thus enable them to advocate for their priorities. A more transparent budget should, BIGS reasoned, facilitate a more participatory planning process, more efficient government spending, and ultimately, more effective public services.

BIGS is forthright about reflecting on its mistakes and failures. Its ability to bring its strategy in line with its organizational strengths and weaknesses has been key to its success. Rather than trying to “be all things to all people,” BIGS staff tried several strategies, and, realizing BIGS was not good at certain activities, refocused on its core strengths, which are research and analysis in a policy area that is key to achieving “downstream” impact on the public policy process (see text box).

Because it has developed a reputation for honesty, excellence and sincerity, BIGS commands the attention of government. The non-governmental sector in Indonesia, as in many other countries, has faced increasing criticism from donors, politicians, citizens and from within the sector itself in recent years. Critics accuse NGOs of being self-serving organizations aimed at winning grant money for projects, of having a negligible impact, and even of being the tools of politicians. BIGS has successfully built its reputation within this context. First, it has demonstrated that it has strong research and analytical skills—of which perhaps the most important is its ability simply to locate detailed budget information previously assumed by most to be unavailable. By publishing the information, BIGS has proved that it is not trying to control it, but simply to push for transparency.

Second, BIGS has proved its moral integrity by refusing to accept the standard kickback arrangement that goes with most government contracts. In 2002, it won a government bid for the establishment of a local ombudsman committee. However, there was an informal agreement that the winning bidder give 11 percent of the total contract to a certain government officer. BIGS refused. When the government insisted, BIGS threatened to cancel the contract. In the end, BIGS was successful in retaining the contract without the kickback—but this was likely its last government contract as both sides are now wary of working with each other. BIGS is also known for rejecting large “gifts” offered to its staff members. For example, one government officer attempted to offer a staff member a “holiday bonus” (THR or Lebaran) amounting to Rp. 2.5 million (USD 280), which is quite large relative to staff salaries (which run between Rp. 800,000 and Rp. 3 million a month).111 BIGS’ leader ordered it returned.

When BIGS conducted its “Report Card” survey in 2002, high-level officials were not interested in participating.

111 Telephone conversation with BIGS head, May 2005.
Several years later, BIGS is getting a very different reaction to its activities. High-level officials often contact it to get information and educate themselves on various issues, and seminars are well attended. BIGS is a pioneer in the province for its budget transparency work, and has become well known as an honest organization with the public interest in mind.\footnote{112} It is one of a small group of Indonesian NGOs doing relatively high-quality research. Its publishing and radio activities add to its reputation, as did its initiation of a high-profile court case. BIGS now has the attention of the government, which in turn allows its activities to have a greater impact.

**BIGS has a charismatic and talented leader who encourages his staff to grow.** BIGS’ leadership has been key to the development of the organization. By all accounts, the BIGS founder and head is regarded as an honest and principled man, and people trust him. Moreover, he places a great emphasis on staff development, delegating staff to represent the organization at events, encouraging them to publish, providing “training of trainers” to enable them to lead BIGS’ budget training sessions, asking them to lead research projects, and allowing junior staff to attend BIGS training sessions in order to improve their skills. He allows staff to work at other full-time jobs that are good for their personal and professional development, and which on a practical note often offer better pay. He initiated a staff scholarship program, partly funded by the Ford Foundation, for Master’s degrees and even the completion of Bachelor’s degrees (notably, BIGS’ janitor has just finished his Bachelor’s degree in Law and has become a member of the research team).

**BIGS has received multi-year core funding, untied to specific projects, allowing it the freedom to choose activities and change strategies.** Since 2001, BIGS has been able to partner with the Ford Foundation which has provided BIGS with ample flexible funding. This has enabled BIGS to avoid the government contracts and project-tied funding that many NGOs rely on for their core overhead expenses, and which often result either in mission drift or, conversely, in an inability to develop in new directions. Instead, BIGS has been able to re-focus its activities in line with lessons learned, and to experiment with risky partnerships (see below). Notably, Ford has allowed BIGS to learn from its mistakes, not demanding strict quantifiable results, such as a certain number of people trained, which might have tied BIGS to a strategy that it would rather discard. While the Program Officer who championed funding for BIGS has left the Ford Foundation, budget transparency remains a priority for the donor, so there is a strong likelihood that it will continue to provide flexible funding for BIGS for the next couple of years.\footnote{113}

**BIGS has been creative and open-minded in forging an effective partnership with an unusual partner.** Notably, and not without controversy, BIGS has developed a cooperative relationship with one political party, PKS (Partai Keadilan Sejahtera), which assists BIGS in gathering the budget information which is distributed in the annual poster. Such a relationship could create the impression that the NGO and the political party are inter-dependent, or that BIGS has a more overt political goal, especially since the logos of both BIGS and PKS are printed at the top of the posters. Although both allies and skeptics alike have indeed questioned BIGS’ independence, BIGS does not worry about accusations of partisanship, since it publicly invited any and all parties to cooperate with it at the start of the

\footnote{112} Journalist for “Satra” weekly magazine and Deputy Director of Sawarung (Bandung Citizens’ Forum).
\footnote{113} Email from the Ford Foundation (29 May 2005).
poster initiative; only PKS was interested.114 As a consequence of including the PKS logo, some posters have been torn down in neighborhoods where other parties are strong. Yet BIGS maintains that the logo inspires other parties to work harder to win voters’ hearts, promoting healthy competition; other parties have already begun to contact BIGS to learn how to become involved in budget work. By partnering with political parties, BIGS aims to encourage them to add budget transparency to their agendas, to test its own ability to maintain its independence, and to learn new advocacy skills.115

BIGS has a wide range of government contacts to support its research, including a former BIGS staff member working with city government on budget development and several former APAKB members who have been elected to the DPRD representing various parties.

BIGS uses many channels and formats (radio, print, training, etc.) to reach people, resulting in an impact even beyond Bandung City. Its publications and frequent appearances on radio programs help it reach a wide audience, including those in neighboring areas who are now asking their local governments for greater budget transparency. BIGS also belongs to national NGO networks that allow it to learn from others and share its own experiences throughout the country. For instance, it was the example of a fellow NGO bringing a court case in Padang which encouraged BIGS to bring its own complaint.

National-level changes paved the way for BIGS to exist and work. After the fall of Soeharto in May 1998, especially under Presidents B.J. Habibie and Abdurrahman Wahid, the government in general and parliament in particular have become more "open" to the public, creating an enabling atmosphere for organizations such as BIGS. Decentralization, beginning in 1999, has also been key; local government assumed responsibility for the provision of many services and accordingly is expected to be more accountable to its citizens at the local level. Finally, breakthroughs in corruption cases in other areas, in particular the widely publicized corruption case involving all DPRD members in Padang, have pushed BIGS to make actual use of the budget information it obtains to hold government accountable.

Factors Limiting BIGS’ Success

BIGS’ work needs “pollinators”—other NGOs using its information to advocate for budget transparency for specific groups or sectors—to increase its impact. BIGS has not yet been very successful in recruiting other NGOs to use its budget information and skills to work on policy-focused or sector-specific budget transparency advocacy. The lack of pressure from citizens and uptake by sector-specific or poverty-focused NGOs (except FAGI) reduces the pro-poor impact of BIGS’ work.

BIGS does not target the poor explicitly. In theory, BIGS’ work analyzing and releasing budget information will provide sector-focused organizations with the tools they need to advocate for pro-poor policies. Yet this has not

114 PKS now holds more seats in the DPRD than any of the seven other parties represented.
115 Presentation at national conference on poverty alleviation and Millennium Development Goal achievement, April 2005.
happened. If the poor were an explicit target of BIGS’ work, perhaps activities specific to the poor might be included in BIGS’ work plan, leading more rapidly to pro-poor results. For example, analysis showing what percent of core service budgets goes to the poorest versus the richest neighborhoods might be useful enough to other NGOs to inspire them to take up such targeted advocacy themselves. A poverty-focused version of the poster might be issued, listing information about the ten government units found in a survey to be most relevant to the poor and posted in poorer areas. A training session could be tailored to the interests, abilities and needs of the poor, and offered in a way that is convenient and inviting to the poor. The needs of the poorest in particular are not likely to be met through “trickle-down advocacy.”

**Entrenched local groups and dishonest leaders undermine some of BIGS’ attempts at reducing budgetary fraud and waste.** Politicians have stepped in to defend allocations criticized by BIGS when the criticism is potentially damaging to the financial situation of popular groups aligned with local leaders. BIGS has to contend with the political realities of a newly decentralizing Indonesia, where citizens are still learning how to exercise their rights in the face of powerful local actors.

**BIGS does not publish information on draft budgets being developed and debated, so policy-makers and citizens still do not have the necessary information to comment on budgets before they are made law.** The detailed information which BIGS publishes on the budget pertains to the planning process of the previous year. BIGS does try to influence budget allocation during *Musrenbang* (Development Planning Meetings or Musyawarah Perencanaan Pembangunan), which are conducted annually to gather community ideas on local development for consideration during budget formulation. However, *Musrenbang* are seen locally only as an opportunity to “approve” the government budget, rather than as an opportunity to challenge and change it. By publishing only the approved budget, BIGS does protect itself from accusations that its information is not accurate.

**BIGS’ budget analysis may be too complicated for ordinary citizens to understand and use.** This criticism was voiced by all interviewees during this case study. However, one official commented that BIGS is “truthful” because it publishes the raw data rather than an opinionated summary and analysis. BIGS has not yet developed a way to ensure its complex analysis is used by other organizations or private citizens to reach their own conclusions and carry out advocacy efforts accordingly.

BIGS’ work publicizing budget information still does not reach all citizens, especially the poor. **While the range of methods used to reach citizens is wide, 3,000 posters can reach only a small proportion of the city’s 2.5 million residents, and even radio programs only reach about 40,000 listeners. Limited access to print media and less than 100 percent literacy levels may also reduce the access of the poor to BIGS’ information.**

**Though budget changes have been made as a result (at least in part) of BIGS’ work, they may represent only reallocations to more obscure line items, with no real reduction in waste or fraud.** One DPRD member suggested that only 50 percent of the supposed elimination of allocations to unregulated items is actually reallocated
to more acceptable areas, with the other 50 percent simply moved to a more disguised location. Therefore, ironically, increased budget transparency may have the adverse effect of driving superfluous costs deeper into the budget, as dishonest bureaucrats get better at hiding their corruption.

Looking to the Future: How to Sustain Success

Careful targeting and monitoring will be key to ensuring budget transparency really leads to improved service provision. The accountability, accessibility and motivation of actors such as legislators, politicians, and leaders varies considerably depending on the focus of their work, their constituencies, the level at which they work, and the stage(s) of law-making and budget formulation in which they are most involved—as well as on their personal characteristics. Policy advocacy NGOs like BIGS must take care to identify and usefully target the critical people, organizations, laws and stages of the process for their cause—budget transparency. While BIGS has had some success in bringing budget transparency into the public arena, it may be that better targeting will help it achieve the budget transparency “holy grail”—budget reallocation according to citizen priorities.

In particular, budget variance should be analyzed year by year to determine whether allocations to basic services have increased, allocations to line items unregulated by law have decreased, and actual expenditures in fact conform to the approved budget.

As a local NGO success story, BIGS is at risk of co-optation. Bigger organizations often like to partner with small, successful organizations such as BIGS, whether it be to help the larger organization better achieve its mission, or—more cynically—to improve the larger organization’s image, creating the impression that it has local access and support, in order to attract more funding. Whether the motivation of the prospective partner is sincere or not, BIGS risks losing its independence. The government’s recent invitation to BIGS to partner with it on a project to improve the policy-making process presents another risk. Although BIGS would have the luxury of participating in this project without government funding, the new risk is that it become too closely aligned with the current administration, and is pushed—though slightly—away from its primary mission. With its current strong leadership and assured core funding, it is doubtful BIGS will want or need to go astray, but the more success it enjoys, the more often risks, heralded as opportunities, will present themselves, including damage to the organization’s reputation, over-extending organizational capacity, mission drift, and limits to organizational independence if BIGS is not strong enough to disagree with a partner.

BIGS is a classic local NGO: started by a talented and charismatic leader able to attract skilled staff and make a difference. Successful local NGOs often fail to transition smoothly to a new leader. BIGS’ leader has declared his intention to step down in October 2005. Whether from within or outside the organization, the new leader will need not only talent equal to that of his or her “shadow,” but a similarly inspirational personality. Skill alone is not sufficient for leadership of such an organization.
Case Study 5:
Water Supply And Health
In Lumajang District, East Java


Abstract

The Second Water and Sanitation for Low-Income Communities Project (WSLIC-2), developed by the World Bank in cooperation with the Ministries of Health, Planning and Public Works, Home Affairs, Education, and Finance has been implemented in Indonesia since 2000. It aims to improve the health status, productivity and quality of life of poor rural communities; project activities focus on improving health and health behavior, providing better access to water and sanitation, and community participation. In Lumajang district, East Java, where the project began in 2002, 75 percent of targeted villagers in villages visited by the research team now have access to project water supply (though the tank-to-household ratio of between 25 and 43 to 1 is rather high). Distances traveled by water collectors have shortened and water quality is better. Quality of life has improved, in terms of reduced time spent collecting water, increased income and savings, and greater peace of mind. Notably, kindergartens have opened in two villages now that parents have more time and money to spend on taking children to classes and paying for instructors. Villagers enjoy an increased sense of ownership of water supply systems; some have even agreed to increase maintenance fees to pay for a more expansive system. System sustainability is an open question, with management and maintenance problems in one village; in at least one more, maintenance staff are paid only when problems occur, reducing staff’s commitment. It is impossible to say whether the project has been responsible for improved health, as supporting data is lacking. Health behavior has, however, improved since the project began, though likely more because of increased availability of clean water than any health activities under the project. Villagers’ willingness to take the initiative in improving other aspects of village life has increased as a result of the project’s emphasis on community involvement. In one village, for instance, villagers copied their maintenance fee scheme to pay for the construction of 2 km of concrete roads. Other factors contributing to success include local leaders’ support, well-designed water systems, effective water use regulations and Maintenance Organizations (in most cases), a careful process of village selection for project support, and national-level decentralization. High or inaccurately estimated maintenance fees, prior negative experiences with other water supply projects, and language difficulties put off some villagers, at least initially; and in one village, the need to share water sources is causing conflict. Some Maintenance Organization members are unmotivated because they are not local or not regularly paid. The project’s sustainability may be threatened by high dependence on external facilitators and financial support, while its impact is difficult to assess without baselines or effective monitoring—particularly an issue for women, children and the poor.

This case was written by Eleonora Suk Mei Tan, World Bank (Indonesia). Research was based on a field visit to Lumajang in March and April 2005; team members included C. Clinta Kuswarta, Pradipta Paramitha Foundation (Indonesia), Ilmawan Auwalin (Regional Economic Development Institute), and Sri Budiyati, SMERU Institute (Indonesia). Analytical and managerial support was provided by Winthrop Carby, Ash Institute of Democratic Governance, Harvard University (U.S.A.), and Sachiko Miyata, Stefan Nachuk, and Menno Pradhan, all of the World Bank (Indonesia). Analytical and editorial support was provided by Susannah Hopkins Leisher, consultant (Australia). See Bibliography for works referenced. This case is copyrighted by the author, the Ash Institute, and the World Bank and may not be reproduced or reused without their permission.
Introduction

The Study Site: Lumajang District

Lumajang is one of 38 districts (kabupaten) in East Java province and has 21 sub-districts (divided into 197 villages), 7 urban centers (kelurahan), and a population of over 1 million.\textsuperscript{116} A rural district, Lumajang has a poverty rate of 31 percent, almost double the national average of 17 percent and significantly higher than the provincial average of 20 percent. More than fifty percent of the district’s income comes from the production of rice, sugarcane, corn, vegetables and fruit. The majority of the population are Javanese and Madurese and speak their native languages on a daily basis; 60-70 percent of Madurese are unable to speak the national language of Bahasa Indonesia. The majority of the population is Muslim.

Water Supply And Health In Lumajang

Lumajang residents obtain their drinking water from four types of sources: a formal, semi-governmental institution called the District Company for Drinking Water (Perusahaan Daerah Air Minum or PDAM) which pipes water directly to houses; community sources such as wells, pumps, and tanks; household and natural sources such as wells, rivers, springs and rain; and alternate sources such as independent water vendors.\textsuperscript{117} Obtaining water is especially problematic in the district’s mountainous areas, where wells must be deep and there are few springs.\textsuperscript{118} Provincial roads in East Java are excellent, though, so water vendors can reach virtually all villages.


Over 80 percent of Lumajang residents’ drinking water comes from household wells (58 percent), springs (20 percent), household pumps, and rivers.\textsuperscript{119} Supply is not too great a problem during the rainy season, though household water collectors frequently must travel about 2-5 km from home, but during the dry season, rivers and wells dry up, forcing collectors to travel greater distances. Water vendors are widely available, but at a cost ranging from Rp. 15,000 to Rp.

\textsuperscript{116} Lumajang District (2004).
\textsuperscript{117} World Bank (June 2004).
\textsuperscript{118} Lumajang District Health Bureau (2003).
\textsuperscript{119} Central Bureau of Statistics, Jakarta (2003).
90,000 per month (depending on the village), this water is too expensive for the poor who have a monthly per capita income of below Rp. 270,000 (US$30).\(^{120}\)

Available data on water-related health problems in the district are incomplete and inconclusive. The Village Potential Statistics show that diarrhea epidemics for all age groups were worse in Lumajang than in other districts in the province in 2003. The national SUSENAS socio-economic survey found that in 2001 and 2002, district residents had a higher incidence of diarrhea than residents elsewhere in the province, almost twice as high as the national average for those years, but by 2004 the incidence had been cut nearly in half, from 14 out of 1,000 people in 2001 to 8.5 out of 1,000 in 2004.\(^{121}\)

**The Project: WSLIC-2**

The Second Water and Sanitation for Low-Income Communities Project (WSLIC-2), developed by the World Bank in cooperation with the Ministry of Health, the Ministry of Planning (Bappenas), and the Ministry of Public Works, was inaugurated in five provinces including East Java in 2000.\(^{122}\) WSLIC-2 is funded by IDA (the World Bank), AusAID, the Government of Indonesia, and local people, and aims to improve the health status, productivity, and quality of life of poor communities in under-served rural villages in the project provinces. Project components include:\(^{127}\)

- Improving health behavior and community health services related to waterborne diseases. By the end of the project implementation period in December 2006, sustainable water and sanitation systems are to have been built in approximately 2,000 villages in 32 districts, including 46 villages in Lumajang.\(^{124}\)

- Providing safe, adequate, cost-effective, and easily accessible water supply and sanitation services. Method of participatory assessment and participatory hygiene and sanitation transformation (MPA-PHAST) is supported in communities and schools, including development and production of MPA-PHAST materials and integration of community-selected health and hygiene topics into school health programs. The project pays a small stipend to health and school staff for implementation of project activities, as well as training them in the use of MPA-PHAST methodology; materials for small health and sanitation activities such as washbasin construction are provided.

- Community participation to promote sustainability and effectiveness of project activities. Under this component, many types of stakeholders are involved in project implementation, including villagers and village and hamlet leaders, health and sanitation workers at village, sub-district and district levels (including midwives and kader or village health volunteers), and school teachers.

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\(^{120}\) In Purworejo village, the cost is Rp. 15,000 per month for unlimited water a few hours a day, but in Kalisemut and Merakan it is Rp. 1,500 per 25 litres, so the average household using 50 litres a day faces a monthly cost of Rp. 90,000 (US$10).

\(^{121}\) Data on the incidence of diarrhea reflects the likelihood that a person has had diarrhea in the month prior to data collection.

\(^{122}\) The first Water Supply and Sanitation for Low Income Communities Project (WSLIC), under which community water supply systems were constructed and child diarrhea was reduced, was implemented from 1993 to 1999 (World Bank, May 2000).

\(^{123}\) World Bank (May 2000).

\(^{124}\) Government of Indonesia WSLIC-2 Project Preparation Consultant Team (March 2000).
Research Questions And Methodology

The research team visited the field for ten days in March and April 2005, travelling to five villages in four sub-districts of Lumajang: Jatisari (Kedungjajang sub-district); Kalisemut and Merakan (Padang sub-district); Pakel (Gucialit sub-district); and Purworejo (Senduro sub-district). These villages were chosen because they represent a variety of experiences in project implementation: successful and less successful water supply systems, completed and ongoing construction, the challenge of negotiating shared water sources, and unexpected follow-on innovations. They also all have poverty rates higher than the district average, ranging from 37 to 45 percent.

The primary research tools were semi-structured interviews and focus group discussions in which timelines, institutional and political analysis, and transects were used. In the chosen villages, six water facilities (including tanks and pumps), two sub-district health centers (puskesmas), and two schools were visited. More than 100 people were interviewed, including the head and 5 staff of the District Health Bureau, the Project Manager, 12 facilitators and consultants, 25 members of 5 different Maintenance Organizations, 6 local health staff including sanitation specialists, 10 teachers, and 50 villagers. In addition, about 20 people in Merakan, Purworejo, and Kalisemut were interviewed while actually using pumps and tanks, with follow-up visits to their homes to observe household sanitation facilities. Focus group discussions were held with Kalisemut villagers at weekly project implementation meetings.

Three hypotheses were tested during the fieldwork:

- WSLIC-2 has increased villagers’ access to water, which has improved their quality of life.
- WSLIC-2 has increased villagers’ feeling of ownership of water supply systems, which has increased the systems’ sustainability.
- WSLIC-2-sponsored health education in schools and health care centers has improved villagers’ health and health behaviour, in part because the project involves many stakeholders.

Impact Of WSLIC-2

![Key Events in the Second Water and Sanitation for Low-Income Communities Project (WSLIC-2) in Lumajang](chart)
Has WSLIC-2 Increased Villagers’ Access To Water?

Yes. Prior to project implementation, villagers had to walk far to collect water for drinking, cooking and bathing, particularly in the dry season when sources closer to home dry up. Now, piped water systems connecting large natural sources to community tanks have been constructed in 24 of the 46 villages targeted by the project in Lumajang.\(^\text{125}\) Most of the new water supply tanks are reliable, clean and close, replacing sources that were unreliable, dirty and far away.

Once villages have been accepted for funding by the project, it is up to villagers to decide in which hamlets to build the water supply systems. In the villages visited,\(^\text{126}\) 5 out of the 17 hamlets did not receive project funding for water supply systems because they are already served by community tanks or pumps. In the remaining 12 hamlets, nearly 75 percent of villagers now have access to water through the project.\(^\text{127}\) The remaining 25 percent include: about 30 households in Kalisemut and one hamlet in Purworejo who feel the maintenance fees are too expensive, and 360 households in 1.75 other hamlets of Purworejo who were initially unwilling to participate because (a) they didn’t believe the project would work, (b) they had access to water vendors, and (c) some of them preferred to continue using river water—these households are slated to join the project soon, however. In addition, management and maintenance problems have reduced access in Merakan.

Even in the rainy season, the distance that villagers from participating hamlets must travel for water is now greatly shortened, as the new water tanks are near their homes. The largest area served by a project tank in the villages visited is 30 ha (in Pakel village), which would require a travel distance of no more than about 1 km.\(^\text{128}\) Many of the better-off families (234 in Purworejo and 30 in Pakel) have even paid extra to install one or more faucets and connecting pipes inside their homes, cutting travel distance to nil.

Water quality has also improved as no villagers from participating hamlets now use the river, polluted by draft animals, bathing, laundry, and defecation, as a source of drinking water. When a problem with the cleanliness of a water source is reported, it is the responsibility of the village Maintenance Organization to repair it. Maintenance Organization members are local people elected by villagers and trained by project facilitators, consultants, and management unit in infrastructure management, maintenance and repair.

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\(^\text{125}\) Lumajang District Project Management Unit. All project tanks in the district have about 3 faucets each so can serve about 3 people at once.

\(^\text{126}\) Construction is ongoing in Jatisari village, the fifth village visited by the team, so it is not included in this data.

\(^\text{127}\) Team calculation, assuming 400 villagers in Merakan have access, and not including Jatisari where construction is ongoing.

\(^\text{128}\) Assuming a 30 ha rectangle of sides 0.3 km and 1 km in length.
Has Increased Access To Water Led To Improved Quality Of Life?

Yes. Improved access to water has reduced the time villagers, particularly the poor, must spend on water collection, allowing them to use that time for other things. Poor villagers and children in particular have benefited. Many mothers now have the time to cook a hot breakfast for their children, who therefore have enough strength to put in a full day at school rather than coming home early. Mothers also now have time to bring their children to kindergarten and assist in the classroom, leading to the opening of kindergartens in Kalisemut and Pakel. Evening classes for adults to finish elementary school have also now opened in Pakel. “Education is very important for our future generations. To set a good example to my grandchildren, I go to evening school,” mentioned one grandfather in Pakel. Some villagers use their new free time to go to the mosque; the District Project Management Unit reports more mosques have been built since project implementation began.

Some villagers have also enjoyed an increase in income or savings due to the project. Full-time Maintenance Organization members (there are about three per village) are paid for their work out of maintenance fees (the salary varies from village to village). The water systems have also allowed some villagers to develop new income

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WSLIC-2 Water Supply Coverage in Villages Visited

<table>
<thead>
<tr>
<th>Village</th>
<th>Kalisemut</th>
<th>Merakan</th>
<th>Pakel</th>
<th>Purworejo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water sources, pre-project</td>
<td>River, community tanks, vendors</td>
<td>River, vendors, community water pump</td>
<td>Community well, spring</td>
<td>Household wells, vendors, river, springs</td>
</tr>
<tr>
<td>Number of community tanks built by project</td>
<td>9</td>
<td>10</td>
<td>17</td>
<td>32</td>
</tr>
<tr>
<td>Population of targeted hamlets</td>
<td>260 (1 out of 4 hamlets)</td>
<td>435 (2 out of 4 hamlets)</td>
<td>465 (all 3 hamlets)</td>
<td>1227 (all 6 hamlets)</td>
</tr>
<tr>
<td>Percent of households in targeted hamlets with access to project water supply</td>
<td>88%</td>
<td>~90-95%</td>
<td>100%</td>
<td>54%</td>
</tr>
<tr>
<td>Number of households per community tank</td>
<td>25-28</td>
<td>39-43</td>
<td>26</td>
<td>14-31</td>
</tr>
<tr>
<td>Year of completion</td>
<td>2003</td>
<td>2003</td>
<td>2004</td>
<td>2004</td>
</tr>
</tbody>
</table>

Source: Lumajang District Project Management Unit.
generation schemes. Prior to project implementation, no one in Kalisemut produced bricks or raised fish, both cottage industries that require a reliable and convenient source of water. Now, there are four or five brick producers and four people who raise fish in the village. Villagers who previously purchased water at a daily cost of Rp. 3,000 now spend between Rp. 1,000 and Rp. 7,000 a month for a nearly unlimited supply—a savings of up to 90 percent, which is now available for other things. Higher income and savings have made some families more able to contribute to kindergarten instructors’ salaries, which was instrumental in the opening of the new kindergartens in Kalisemut and Pakel.

Some small business owners, such as a female bread producer in Kalisemut, have brought their businesses back to their home villages in response to the greater availability of clean water, a potential boost to the village economy.

Finally, the project has given many villagers greater peace of mind. As one person recalled, “Before WSLIC-2, in the dry season there were days when we looked for water all night.” Since the project began, participating families have no longer suffered from a water shortage, and in many families the breadwinner has thus been able to leave home in search of work, sometimes outside the district or even the province, with major potential financial gains for his family.

**Has WSLIC-2 Increased Villagers’ Feeling Of Ownership Of Water Supply Systems?**

Yes, if one uses villagers’ willingness to make contributions of money and time as proxies for the intangible “feeling of ownership”. Most villagers in targeted hamlets contributed their labor and money to construct the systems and pay a monthly fee for maintenance.

WSLIC-2 pays up to Rp. 200 million for a village water supply system; for larger villages with higher project costs, the consent of the Management Unit is required. Villagers are required to contribute 20 percent of the total (4 percent must be in cash and 16 percent in kind and labor). Because of Lumajang’s geography, only piped water systems—the most expensive type—are possible, so the project has paid the maximum, Rp. 200 million, for each village system in this district. Each village has therefore contributed Rp. 8 million (US$900) in cash and Rp. 32 million (US$3,600) in kind and labour, demonstrating ownership of the systems from the beginning of construction.

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137 Facilitator for Kalisemut.
Average monthly maintenance income and expenses, Purworejo

<table>
<thead>
<tr>
<th>INCOME (Rp.)</th>
<th>Amount</th>
<th>Sub-total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic monthly household maintenance fee</td>
<td>3,000</td>
<td>2,010,000</td>
</tr>
<tr>
<td>Additional fee for individual household connections</td>
<td>2-4,000</td>
<td>468,000</td>
</tr>
<tr>
<td>Sub-total income</td>
<td></td>
<td>2,478,000</td>
</tr>
</tbody>
</table>

EXPENSES (Rp.)

| Maintenance                         | 40,000 | 40,000 |
| Maintenance Organization head salary | 100,000 | 100,000 |
| Maintenance Organization worker salary | 100,000 | 100,000 |
| Maintenance Organization staff salaries | 50,000  | 100,000 |
| 1 Health worker                     | 20,000  | 240,000  |
| 5 Health volunteers                 | 247,800 |

Sub-total expenses 827,800

MONTHLY BALANCE 1,650,200

An even greater burden was placed on Purworejo because of its large population—five times the number of participating households than in Kalisemut. Though there is a project mechanism by which a large village may apply for more WSLIC-2 funding, this requires a long waiting period. Purworejo villagers did not want to wait, so they decided to pay for the necessary extra costs of a water system extensive enough to serve them all, including more piping and more community tanks. In the end, Purworejo villagers each paid a one-time construction fee of between Rp. 20,000 and Rp. 50,000 (depending on income level), totalling about Rp. 29 million (US$3,200), or over three and a half times more in cash than required by the project. This certainly demonstrates villagers’ ownership of the system.

Once the water supply system has been built, households begin monthly maintenance payments. Each village has its own maintenance fee system, which may depend on household income, amount or type of water usage (household, agricultural or business), and/or the extent of household connections to the system. In Pakel and Kalisemut, the 100 percent payment of maintenance fees is evidence of a

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138 Assuming that they systematically collect all the fees.
139 There were 870 contributors since not all hamlets agreed to the higher fees. A total of Rp. 29 million assumes one-third of the contributors paid 20,000, one-third paid 30,000, and one-third paid 50,000, but the actual breakdown is unknown.
Local ownership is also apparent in the willingness of project participants in some hamlets to voluntarily increase previously-set maintenance fees to cover needed costs. In Purworejo, all the Maintenance Organizations decided to increase the basic monthly fee from Rp. 1,000 to Rp. 3,000, with an additional Rp. 2,000 per month for one household tap, Rp. 3,000 for 2 household taps, and Rp. 4,000 for 3 household taps. The increase was necessary both because the size of the village required a lot of pipes, so there was no project money left over to build the tanks, and because villagers elected to build a large number of tanks—32—to further cut the distance water collectors would have to travel. In Kalisemut, villagers agreed that more money was needed to ensure system maintenance in the future, but rather than paying more cash, they decided to raise 500 Sengon trees (a type of timber tree) for sale.

**Has A Greater Sense Of Ownership Increased The Sustainability Of Water Supply Systems?**

In Purworejo and Pakel, the water supply systems have been operational for less than one year, and in Merakan and Kalisemut, for less than two years. The short time period, and the lack of any technical or financial evaluation of the systems, gives very little basis for assessing their sustainability. The degree to which villagers' sense of ownership might have increased the likelihood of sustainability is also difficult to ascertain without in-depth interviewing of stakeholders.

The available information implies that Merakan’s system is not sustainable without major changes. Since its completion in 2003, the system has suffered from problems with management, maintenance and financing. Maintenance fee collection is decreasing. The fact that the Maintenance Organization members are not from the targeted hamlets has likely reduced villagers’ sense of ownership. All this has led to poor financial and technical prospects for sustainability of their system. The systems in the other three villages have a greater potential for sustainability, though how much this is due to villagers’ sense of ownership is an open question. Maintenance fees have mostly been paid and have easily covered the costs of needed repairs—which in Pakel have not been insubstantial. In both Purworejo and Pakel, villagers have adjusted their schemes’ management to address problems with a view to sustainability. In Purworejo, villagers raised fees, while in Pakel, where water availability has been slowly decreasing as a result of erosion near the source, villagers have agreed to supply water to two hamlets on an alternating schedule, one in the afternoon and one at night, to ensure continued supply. There is, however, a major threat to sustainability: in some villages, Maintenance Organization members are only paid when there are problems.

140 The low payment rate is due to one hamlet’s refusal to pay because of maintenance fees that are higher than initially promised by the village head. About 360 households in 1.75 other hamlets had refused to pay at the start of the project so are not included in this rate; they are slated to join the project soon as they are now convinced by the project’s success elsewhere.

141 This balance is much lower than the product of 8 months and Rp. 1,650,000 (the average monthly net income, see table above) because of the large additional costs of the water systems in Purworejo which were paid for in part out of maintenance fees.
Has WSLIC-2 Health Education Improved Villagers’ Health And Health Behavior?

It is impossible to say whether the project has been responsible for improved health. Health workers, sanitation workers, and doctors from sub-district health centers do report a decreased incidence of serious cases of diarrhea and skin infections in project villages, and assert that the improvement is due to both the greater availability of water for household uses and healthcare, and the increase in programs promoting healthy behavior since WSLIC-2 began. Supporting health data is collected three times during the project’s lifespan: to provide baseline information, during a mid-term review, and one year after the project is completed. This data is gathered using MPA-PHAST, but the guidelines are not always followed, and thus data is not representative. District health data from sub-district health centres show a remarkable decrease of diarrhea incidence in some villages, but fluctuations or even increases in other villages; in any case, district health data is well-known to be frequently inaccurate and does not distinguish between project and non-project households.

Healthy behavior has, however, increased as a result of the project—though it seems this is more a result of increased access to clean water than of health education. The research team observed villagers in non-project villages collecting river water next to cows and bathers, while in project villages the proximity of cleaner water has reduced the need to rely on this polluted source. Prior to project implementation, three of the four villages relied at least partly on polluted rivers for their drinking water, but now only some villagers of 3-4 hamlets continue to collect river water. According to interviewees, the greater availability of water and time have enabled many villagers to cook a morning meal and bathe daily. Merakan sanitation workers and midwives report that midwives are pleased to have a supply of clean water to use in deliveries: “Now that clean water is available, delivery of babies happens with this water, whereas before we had to use what was available.” Teachers in the two elementary schools visited, villagers, and staff of the Maintenance Organizations in Kalisemut and Pakel report that since the water tanks were built, students come to school freshly bathed, while teachers in Merakan and Kalisemut also mention that they can regularly clean their schools with the now-abundant water. Villagers in Pakel have been particularly innovative. Though they were not willing to make separate contributions to a local health care fund, once it was decided to connect water system maintenance fees to the Rp. 1,000 health fund payments, all households agreed to pay the extra amount. The health fund allows them free consultations at the puskesmas. Villagers said, “We’re happy with the health fund because we can get free health care.”

Project health education activities being implemented in Lumajang include:

- a government program begun in the 1970s to teach students and families how to bathe and use the toilet;
- a “hand-washing” program (cuci tangan) which teaches children to wash their hands with soap before eating.

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142 Project guidelines require that data be collected in a representative manner from villagers, disaggregated by income level and gender. However, the team observed that in some cases data was not gathered in this way.

143 The Project Appraisal Document itself included only general indicators for health behavior: “[number of] village PHAST programs carried out, number of school programs [for health] functioning, number of functioning Village Implementation Teams established,…knowledge and practice of good hygiene and health” (World Bank, May 2000, pp. 31 and 33).
Teachers and health staff have built washbasins (from paint buckets or other available material) for the children to use, and health staff have trained teachers to check students for cleanliness. In Pakel, teachers record the cleanliness of their students on daily attendance records. It is evident that students’ behavior has changed, as students are now able to go to mid-day prayers; before, they could not because they were unable to do the required ritual cleansing.

- a “bathing twice a day” program for students and their families; and
- construction of a “healthy house” (rumah sehat) in Pakel and school cleaning in Merakan to increase villagers’ health and sanitation awareness.

**Has The Involvement Of Many Stakeholders Been Key To Improving Health Behavior?**

Yes, it has definitely contributed to the improvement. Providing health and school staff with financial incentives and training by health facilitators to promote both new and old healthy behavior programs has increased these stakeholders’ support for the project; they in turn have increased pressure on villagers to participate in both project and government health activities. Many other stakeholders, such as local leaders (formal and informal), midwives and village health volunteers (kader), are also involved in the project and have helped to bring health education activities to fruition at the village level. However, as noted above, it is likely that increased access to clean water alone has had at least as much to do with the improvement in health behavior.

**What Unexpected Benefits Has The Project Brought?**

The construction of water supply systems is dependent largely on the achievements of the villagers themselves. The project’s emphasis on community involvement has strengthened villagers’ planning, management, and assessment skills. Through this experience, villagers have come to realize that they have the power to improve other village facilities. They have become less dependent on leadership from outside and now sometimes take the initiative themselves, using the Maintenance Organizations already established through the project. In Kalisemut, the Maintenance Organization has encouraged people to build fences around their gardens by offering a month of free water in exchange. According to the Management Organization, almost 100 percent of villagers have taken them up on the offer. In the same village, people copied their water system contribution scheme to pay for the construction of 2 km of concrete roads. This initiative was well received by the village head who contributed additional financial support toward construction costs. In Pakel, the Maintenance Organization aims to build one toilet for every household by the 17th of August this year. Project participants and the research team see these changes in attitude and behavior as one of the key project benefits.

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144 This goes beyond the project’s goal of merely increasing the number of latrines in every village.
Factors That Contributed To Success

The poor want to pay. Officially, the poorest do not have to contribute anything toward construction, though most say they want to contribute just as other households do; project staff say this is because they want to be sure of having the same rights and ownership as other households. The monthly payment fees in Purworejo village range from Rp. 5,000 for the poorest households to Rp. 50,000 for the richest households. The project’s emphasis on villager involvement in planning, construction, management, maintenance and financing helps ensure the water systems’ sustainability, and by empowering some communities, enabled them to improve other aspects of village life as well. Experience from previous projects, notably WSSLIC, the Village Infrastructure Project, and the KDP (Kecamatan Development Project), emphasized the importance of community participation in planning, production, financing and maintenance to project sustainability. Under WSLIC-2, villagers themselves decide how many tanks to construct and where to put them to ensure accessibility. Mandatory villager contributions for construction and maintenance—set by the villagers themselves—ensure villagers literally own their water supply systems, and are more likely to understand and support the maintenance necessary for sustainability. Villager-elected Village Implementation Teams (Tim Kerja Masyarakat or TKM) (responsible for managing construction) and, subsequently, Maintenance Organizations (responsible for system management and maintenance) keep villagers closely involved in project implementation—indeed, almost all members are local villagers themselves. As a result of this intensive villager involvement, most villagers—including the poor—see the systems as being worth their money, and many have become empowered by the process. New village improvement projects such as latrines and pre-paid healthcare are additional beneficial outcomes.

The new water supply systems were mostly well-planned and well-executed technically. Perhaps most importantly, the systems are designed to ensure that water sources do not run dry. Village Implementation Teams in collaboration with project facilitators and consultants carefully calculate the number of households or hamlets that can sustainably be served from each source and plan the system accordingly. Only in areas where water is especially plentiful are private connections an option. Another important aspect of system design is that tanks provide no space for showering. In projects where more sophisticated tanks are built, people often bathe in situ, but this requires more water than the traditional Indonesian bucket bath or mandi at home, and if water is scarce can create conflict. Tank design thus gives people the incentive to take water straight home.

Leading the way in Kalisemut. Mr. L., the informal Kalisemut village leader, has always been highly involved in organizing community activities and was a fervent proponent of WSLIC-2 from the beginning. Together with project facilitators, he talked to the villagers at meetings at his home or in the mosque, slowly increasing local support to finance the new water system. After construction was complete, he was elected by the villagers as the head of the new Maintenance Organization.

The support and involvement of local leaders, both formal and informal, has been crucial to project support. Leaders have helped to convince villagers of the need for clean water supply, and the potential of the project to provide it. Moreover, local leaders have been instrumental in assuring villagers that they are capable of making the required total contribution of Rp. 40 million (US$4,400). In successful project villages such as Kalisemut, Pakel

145 World Bank (September 1996 and May 2000) and Ministry of Home Affairs et al. (June 2002).
146 District Health Bureau staff.
and Purworejo, village leaders had already been highly involved in hamlet activities prior to project implementation, and quickly became project supporters.

**Water use regulations reduce the potential for conflict.** Participating households are given unlimited access to water for home use, but agricultural and business uses are allowed only if tanks are overflowing, reducing the potential for intra-village conflicts. Regulations have also been effective in reducing inter-village conflict. Prior to the completion of the water system in Bulukubung hamlet of Kalisemut, for instance, the Implementation Team, village head and project facilitators made an agreement with the neighbouring village of Kertowono where the water source is located. An extra tank was built at the source to provide water to Kertowono villagers, who previously had full use of the source. In return for free construction of and access to the tank, these villagers agreed to maintain the pipes that guide the water to Kalisemut’s tanks. Villagers from neighbouring villages are also allowed to use Kalisemut’s tanks during the dry season when natural water sources are low. As a result, in Bulukubung there have been no reports of water-related problems with neighbouring villages.

Most Maintenance Organizations are trusted and effective, due to their training, their local backgrounds, and the fact that they are paid for their work. After construction is complete, the village elects a Maintenance Organization (sometimes referred to as a Management Organization, or Badan Pengelola) of 8-10 members to manage the water supply system. Maintenance Organizations are independent institutions that are made official with either a village regulation (Peraturan Desa) or an authorization letter listing the members, their tasks, and their terms.

One district-based technical consultant and one district-based community development consultant provide technical advice to two Community Facilitator Teams, which are responsible (together with District Health Bureau staff) for training both Village Implementation Teams and Maintenance Organizations on technical issues, management, needs assessment and health promotion. In many cases, Village Implementation Teams and Maintenance Organizations are composed of the same people, which has increased the effectiveness of the training. Facilitators stay in the villages during the initial stages of the project and can always be contacted for advice. In Lumajang, they are young, energetic people newly graduated from university. Most are from the province, which gives them a personal incentive to support the project, as well as a real bond with villagers. They are more likely to understand the local politics, which makes their advice and training more effective. In fact, they state that the Maintenance Organizations “are more experienced with the infrastructure than we, the trained specialists, and manage to come up with ingenious ways to solve their problems.” This has in turn increased the villagers’ trust in the Maintenance Organizations, as manifested by continued monthly maintenance contributions.
Making Services Work for the Poor: Nine Case Studies from Indonesia

Water Supply And Health In Lumajang District, East Java

Villages were required to go through a lengthy process to obtain project support, which created understanding of and support for the project on the part of village leaders and, eventually, villagers themselves. Villages with a low availability of clean water, limited sanitation facilities and a high incidence of poverty and diarrhea in children under 5 years were eligible for project support. Villagers had to be willing to contribute to and manage construction and maintenance of water supply systems in order to obtain project funding. Once project villages had been chosen, project facilitators involved all villagers in a careful process of assessing village needs and increasing local awareness of the need for clean water supply. Facilitators explained the financial and time implications of involvement in the project to villagers in detail. Following this process, villages still interested in participating in the project were required to make community action plans (rencana kerja masyarakat) with the assistance of project facilitators, in which they described the wishes and needs of their community and how they intended to achieve their goal for water supply. Facilitators led focus group discussions and meetings (with a minimum of 40-50 villagers each) to carry out social mapping exercises to fix construction and maintenance fees. Finally, action plans were evaluated by the Central Project Management Unit. Once accepted, villages were allowed to begin collecting contributions for construction.

Villagers’ desire to make better use of water and the positive experiences of the initial WSLIC-2 project villages have made other villages in Lumajang fertile ground for project implementation. Most people want to bathe, cook breakfast, and clean their homes and schools regularly; they do not want to use polluted water sources. The project’s success in providing clean water for households and schools in Pakel, Purworejo, Kalisemut and (to a lesser extent) Merakan has made Jatisari and other villages in the district eager to join. There is no longer a need to convince people of the project’s value.

National-level policy changes related to decentralization and the water supply and sanitation sector created an enabling environment for WSLIC-2. Decentralization, introduced in 1999 and first implemented in 2001, and the evolving national Rural Water Supply and Sanitation Policy, which emphasizes (inter alia) decentralization of rural infrastructure to local levels, paved the way for village-level management of all kinds of projects, including WSLIC-2.148

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147 Government of Indonesia WSLIC-2 Project Preparation Consultant Team (March 2000) and District Health Bureau.
Limitations To Project Impact

Inaccurately estimated, increased, or relatively high maintenance fees are unacceptable to some villagers. About 30 households in the most distant part of Kalisemut feel the maintenance fees are too expensive, so they do not contribute, continuing to collect their water from the river instead. According to the head of the Maintenance Organization, these households may still contribute maintenance fees and use the water even though they did not pay for construction, but they refuse because they feel ashamed. In Purworejo, villagers had initially been promised monthly fees of just Rp. 1,000 by the village head. When an increase in the number of water tanks planned for that village forced fees up to Rp. 3,000, villagers in one hamlet refused to pay—even though they already paid a substantial construction fee. Though the village head had made the same mistaken promise to all hamlets, the people in this particular hamlet were especially upset at the increase because they had been the village head’s supporters before anyone else, helping him to convince villagers in the other hamlets of the project’s value. Therefore, they feel especially let down by him. Three months after they stopped making maintenance payments, their Maintenance Organization closed off their pipes. The Maintenance Organization hopes that once the dry season starts, the villagers from this hamlet will renew their payments.

Sharing water sources pose a serious threat to sustainability. Water sources are usually not conveniently located within village boundaries and most project villages have had to rely on sources outside their borders. Households near these sources which had already been using them feel threatened by the new users and conflict can arise if sources are significantly diminished with greater use. In Merakan, where no regulations had been made by the Maintenance Organization to anticipate and resolve the problem, people from nearby villagers are now stealing water from Merakan’s source. Together with the low commitment of Merakan’s Maintenance Organization (see next paragraph), resulting in late repairs and a subsequent lack of water, villagers’ willingness to pay maintenance fees has greatly decreased.

In some village, regulations were made, but only by the hamlets that use the water systems; hamlets and villages through which the pipes are laid, or which abut the sources themselves, were not included, reducing the regulations’ effectiveness.

Unmotivated Maintenance Organizations also threaten sustainability. Merakan’s Maintenance Organization members, though from the village, do not live in the targeted hamlets, as villagers were unable to find appropriate leaders from those hamlets, even with assistance from project facilitators. Despite low maintenance payments, the Maintenance Organization is not actively trying to collect fees, and the villagers still have access to project tanks. Project staff realize that local management is crucial to project support, and concede that “In Merakan the leadership is not strong enough to…support…WSLIC-2. We need to learn about leadership.”

Being local is not enough to ensure commitment. Some Maintenance Organization members are not regularly paid. For example, in Pakel, members are only paid when there are problems to fix; the monthly checks that they

149      District Project Management Unit.
perform are unpaid.121 The head of Pakel’s Maintenance Organization was assigned for a two-year period, and was very excited and proud of the water system right after construction, but now says, “I’m tired of doing this work.” Stories about paid Maintenance Organization members in other villages make him even more reluctant to continue. He wants to stop when his term is over, but is dependent on the village head to assign another leader for the Maintenance Organization.

In all WSLIC-2 villages, many people have had negative experiences with other water projects, such that some households still do not believe this project will work, so they do not participate. In Merakan, prior to WSLIC-2 implementation, water pumps were built under the KDP program. According to villagers and Bureau of Health staff, poor maintenance and incorrect use of the KDP water pump resulted in depleted water flow and a broken pump after six months. The villagers did not know how to repair it so they began to use river water again. While the main reason for low project success in Merakan is an ineffective Maintenance Organization, it is likely that villagers’ prior experience with KDP has compounded the problem.

About 360 families in Purworejo and 30 families in the most distant part of Kalisemut were initially reluctant to contribute to construction because they did not believe the water system would work, in part because of bad experiences with other water projects previously (other factors included the ready availability of river water and the ability of some of these families to purchase water from vendors). Thus, they did not receive project support. In recent months, however, many of these villagers have observed the project’s success in neighboring hamlets, and have begun to save for the required construction fee to extend the project to their hamlets after all.

Inefficient utilisation of water supply. Despite good technical design overall, the water systems could be made more efficient, especially during rainy season. Leakage of water and overuse in schools is a common sight; excess water could be stored or used in gardens for even greater project impact.

Language difficulties. Language initially created a problem for facilitators working in Merakan and Kalisemut, where most of the population speaks Madurese. The facilitators were new and did not know Madurese well; however, the project hired a facilitator who speaks Madurese, and eventually the other facilitators learn to cope with the language barrier, so language is no longer a problem.

Making Water And Health Services Work For The Poor

The sustainability of project impact after project support ends may be threatened by high dependence on external facilitators and time-bound financial bonuses for local health and school staff. Project staff are preparing for their withdrawal from the district in 2006. To ensure continued support for project activities, they intend that existing government structures such as the District Health Bureau, sub-district government, and local village heads provide advice to villagers as needed, hoping that this support will be sufficient, and that these structures will merit the villagers’ trust.

150 It is unclear whether this is also the case in Merakan and Kalisemut. In Purworejo, Maintenance Organization staff are paid monthly whether or not there are problems.
The rather high tank-to-household ratio may have a negative impact on access.
The number of households per community tank is high, between 25 and 43 in Pakel, Merakan and Kalisemut. Currently it is only 14 in Purworejo, but if all targeted households are reached, this number will increase to 31. According to the project technician for the district, ideally a tank should serve fewer than 28 households. The implication is that competition for water at the tanks is fairly high, possibly affecting the amount of time water collectors must wait at the tanks for their turn, the opportunity cost of this time (children could be playing, studying or helping with housework; mothers could be resting, caring for children, or pursuing income generation activities), and the type of interaction (friendly or stressful) between villagers vying for the water. High competition for water might also push households which can only barely afford it to use their scarce funds to purchase water, or those who cannot afford it to revert to polluted sources.

Despite the project’s focus on poor and needy villages, remote and poor areas are at a disadvantage. Project villages are chosen not only based on need but also based on how easy project implementation will be, how much it will cost, and how likely it is that water systems will be maintained. Thus, for example, villages close to each other are preferred as a way of reducing project cost and staff time, and villages with dense populations are prioritized over those with scattered households, to keep house-to-tank distances low (it is assumed that this ipso facto increases ownership, maintenance, and thus, sustainability). Hence, a few villages in Lumajang had no chance of project support even though their need for clean water was just as great as that of those selected for project implementation.

Inadequate baseline information and monitoring makes assessment of the project’s impact on health and key segments of the population—women and children—impossible. Facilitators appear to have greater difficulty gathering supporting data than in implementing the project. Data gathered is unrepresentative, and no evaluation of the data has yet been undertaken. No adequate health data is therefore available that would enable project management to assess the project’s impact on health in Lumajang.  

Water supply projects are well known to have great potential benefits for women and children, who usually bear the brunt of the water collection task. Again, with no data collection focused on changes in behavior and wellbeing of these two groups (despite many mentions in the Project Appraisal Document about the need for gender-sensitive monitoring), conclusions about project impact are hard to reach. Well-designed, well-implemented and well-analyzed rapid rural appraisal (RRA) or participatory rural appraisal (PRA) would, however, still allow meaningful conclusions to be drawn in the absence of baseline information, indicators and regular data collection.

151 The Project Appraisal Document, for example, calls for regular collection of data on water and sanitation-related disease rates and on time lost to illness or to treating the ill (World Bank, May 2000, pp. 30, 86-7).
152 E.g., World Bank (May 2000), p. 20.
Bibliography


Case Study 6:
Health Insurance Reform
In Jembrana District, Bali
Abstract

The Jaminan Kesehatan Jembrana (JKJ or Jembrana Health Insurance) scheme begun in Jembrana District, Bali in March 2003 provides free primary healthcare to all members; free secondary and tertiary care is also provided for poor members. The scheme has improved the access of both poor and non-poor citizens to healthcare. Before JKJ, only 17 percent of district citizens were covered by any kind of health insurance; now, 63 percent are covered. The percentage of ill people who sought treatment in Jembrana more than doubled from 40 percent in 2003 to 90 percent in 2004. For the poor, the increase was from 29 to 80 percent. Increased access of the poor to health services is due primarily to the inclusion of private providers in the JKJ scheme. Though on paper, out-of-pocket healthcare costs have increased sharply for poor non-members, in practice most public providers still provide free care for all poor clients. This increases access of even non-member poor to healthcare, but subjects them to the discretion of providers who have the legal right to refuse them free services. Meanwhile, JKJ registration requirements have kept many of the poor from joining. JKJ’s attempts to become self-financing have focused recently on a new one-membership-card-per-person system (rather than the old one-card-per-family scheme), and this is likely behind a drop in membership of the poor, from 66 percent in 2004 to 22 percent (re-registered under the new system) by May 2005, since many poor families cannot afford to re-enroll all members. By increasing access to private providers, JKJ has increased competition between public clinics and private doctors for clients. JKJ has also improved both healthcare quality and client satisfaction. It is likely that JKJ’s enforcement of strict standards on equipment, treatment, medication, and referral has contributed to the improvement. JKJ does not, however, appear to be financially sustainable. There has been a rapid, unbudgeted increase in district spending on JKJ. JKJ’s inclusion of non-poor citizens adds greatly to its cost—in 2004, 95 percent of the Rp. 9.5 billion in JKJ claims were made for services to non-poor clients. The informal inclusion of poor non-members also increases JKJ costs, as those who provide free services to poor non-members are in fact usually reimbursed by JKJ. Finally, investment in JKJ administration is grossly inadequate, and JKJ’s legal basis is challenged by a 2004 law centralizing health insurance.

This case study was written by Anya B. Gaduh, World Bank (Indonesia) and Laila Kuznezov, consultant (U.S.A.). Research was based on a field visit to Jembrana in March 2005. Reference is made to Steven Block, “Maternal Nutrition Knowledge and the Demand for Micronutrient-Rich Food: Evidence from Indonesia” in issue 40:6 of The Journal of Development Studies (2004); Eko Prasojo, Teguh Kurniawan and Azwar Hasan, Identifikasi dan Pemetaan Inovasi Program Pemerintah Kabupaten Jembrana, Universitas Indonesia: Jakarta (2004); I. Made Sudarsana, “Jaminan Kesehatan Jembrana, Satu Inovasi Peningkatan Pelayanan Kesehatan di Kabupaten Jembrana” (mimeo), (2003); and ADB, Policy for the Health Sector, Manila (1999). Research team members included Laila Kuznenov, consultant (U.S.A.), Janes Ginting, World Bank (Indonesia) and Gregorius Kelik Agus Endarroso, consultant (Indonesia). Managerial, analytical, and editorial support was provided by Menno Prasad Pradhan, Stefan Nachuk, and Lina Marliani, all of the World Bank (Indonesia), and Winthrop Carty, Ash Institute of Democratic Governance, Harvard University (U.S.A.). Analytical and editorial assistance was provided by Susannah Leisher, consultant (Australia). This case is copyrighted by the authors, the Ash Institute, and the World Bank and may not be reproduced or reused without their permission.
Introduction

As part of its mandate to alleviate poverty in Indonesia, the World Bank is undertaking a series of case studies to promote better service provision, especially for poor and disadvantaged people. The case studies were chosen from the many innovative practices seen in Indonesian local government in recent years, through a competitive outreach process managed by the World Bank. Donors, non-governmental organizations, and local government staff were contacted and encouraged to submit proposals regarding innovative service delivery work that they either were undertaking or knew about. The Jaminan Kesehatan Jembrana (JKJ) health insurance reform scheme in Jembrana District, Bali, touches upon a theme that is central to making services more pro-poor, to wit, the use of private providers to expand service coverage and improve quality by increasing competition. Hence its selection as one of the case studies.

The Study Site: Jembrana District

The district of Jembrana in the province of Bali has a population of around 250,000 (2004). Jembrana’s annual per capita income in 2002 was Rp. 5.83 million (US$610), below the provincial average of Rp. 6.46 million (US$680). Its poverty rate was 9.0 percent in 2000, slightly higher than the provincial rate of 8.6 percent. In both per capita income and poverty rate, Jembrana ranks fifth of Bali’s nine districts. There are four sub-districts (kecamatan) in Jembrana, including the capital, Negara. Most people outside the capital are farmers, raising rice, cloves, cacao, coconuts and other foodstuffs. Most of the poor are unskilled farm laborers; many work as fishermen, tradesmen, and farmers. Some areas are hilly, and a lack of public transport means that travel from the countryside to Negara can be expensive and time-consuming.

Healthcare In Jembrana District

Jembrana has 12 private clinics, 5 public clinics (pusat kesehatan masyarakat or puskesmas), 49 public village clinics (puskesmas pembantu or pustu), 2 public hospitals and 1 private hospital. The population-to-clinic ratio of 14,800:1 is quite good—half the provincial ratio—as is the population-to-hospital ratio of 84,000:1, which is two-thirds the provincial ratio (2003). There are 84 doctors (including 8 specialists and 12 dentists), 169 paramedics, and 113 midwives (2004), yielding population-to-provider ratios that are roughly in line with ratios at the provincial level (2,990:1, 1,470:1, and 2,220:1, respectively). Over 70 percent of the doctors are civil servants; however, most also have private practices. With the introduction of JKJ, private practitioners compete directly with public clinics and hospitals for primary healthcare patients.

Healthcare in Jembrana is managed by the District Bureau of Health and Social Welfare (Dinas Kesehatan dan Kesejahteraan Sosial). Puskesmas provide primary healthcare (pemberi pelayanan kesehatan I or PPK I), including preventative and basic curative care for common illnesses, health education and promotion, and reproductive

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153   Central Bureau of Statistics. The district’s 2002 survey found a higher rate, 12.5 percent, but the national data are cited here to enable cross-district comparison.

154   Technically, there are 8 districts and one municipality.
They are staffed by general practitioners and paramedics, who manage not only the puskesmas but also all village clinics in the area (between 9 and 14 village clinics per puskesmas). The puskesmas, especially in poorer and remote areas, often face a shortage of doctors. Hence, in a mutually beneficial arrangement, the district government hires newly graduated (Pegawai Tidak Tetap or PTT) doctors, who agree to work in these less-desirable locations in order to gain the public clinic experience required for a physician’s license. Patients who require it are referred to secondary healthcare providers (PPK II), usually the district hospitals. More difficult cases requiring specialist doctors and equipment are referred to tertiary healthcare, or PPK III, providers.

**JKJ: Where Did It Come From, And What Is It?**

A 2001 district-initiated survey focusing on quality and cost of health services initiated by the newly-elected Regent uncovered several inefficiencies. First, with 11 public clinics, the population-to-clinic ratio was around 20,000:1, half the national average of 40,000:1, indicating a service provision surplus. The Regent responded by upgrading one clinic to a hospital in a sub-district which was under-supplied, while downgrading five others to sub-clinic status, resulting in savings from cutting administrative structures, since sub-clinics fall under the management of nearby puskesmas. Second, clinic and hospital utilization rates were low. The district felt this stemmed from inefficient use of health subsidies, and decided that instead of subsidizing clinics and hospitals directly, it would provide all citizens with free basic healthcare, as well as additional healthcare services for the poor.

The first step in this direction was taken in December 2002 with the establishment of a JKJ (Jaminan Kesehatan Jembrana or Jembrana Health Insurance) Preparation Team, responsible for the design, pilot-testing, and dissemination of the new district-wide fee-for-service health insurance scheme, a first in Indonesia. In January 2003, the JKJ Management Body (Badan Pelaksana or Bapel) was established, and implementation of JKJ began in March 2003. JKJ provides all members with free primary healthcare, including some dental treatment, from any participating provider, either public or private; poor members are additionally entitled to free secondary and tertiary care. Any general practitioner, midwife or dentist, public or private, may sign a JKJ contract to provide services to members which will be reimbursed at standard rates by JKJ; paramedics are not eligible. JKJ was set up on the premise that all Jembrana citizens are entitled to quality health services; hence, ensuring benefits to the poor was not the most important aspect of its design.

JKJ is managed by the JKJ Management Body (Bapel) which has a staff of fourteen, five of whom are doctors or have medical-related diplomas. Their main task is to manage reimbursement of claims made by health providers, first verifying the service against a set of standards for equipment, treatment, and medication established for quality control, and then making payments to the providers based on set rates. They also ensure that the health referral system is implemented, restricting healthcare providers to providing only those services for which they are licensed and referring all other services to other providers.

155 ADB (1999).
**Methodology**

The fieldwork sought to prove five theses:
1. JKJ has improved access of the poor to health services.
2. JKJ has made Jembrana a more attractive place to work for all types of health professionals.
3. JKJ has intensified competition for clients among health care providers.
4. JKJ has improved the quality of healthcare services and increased client satisfaction.
5. JKJ is not sustainable.

Research was conducted in two of the four sub-districts in Jembrana: Melaya and Negara. These were selected because they each have a public clinic which serves many poor families. In each sub-district, the team visited the lead public clinic (puskesmas) to speak with directors and staff, as well as a sub-clinic under its management, and then selected a village within the coverage area of that sub-clinic or nearby in which to conduct focus group discussions with poor citizens. Manistutu village in Melaya and Brangbang village in Negara were the chosen study sites. Manistutu was chosen because it had not been served by a doctor prior to JKJ but had two doctors at the time of the research. This village was also considered to be relatively remote (about 45 minutes’ drive from the district capital). The team also visited a banjar (hamlet) in a far corner of that village. Brangbang was selected because it has a large number of poor families, although it is not within the coverage area of the visited sub-clinic. In addition, the team randomly visited doctors holding private hours outside Negara but not necessarily in the coverage areas of the visited puskesmas.

The team used a combination of semi-structured interviews, informal interviews, and focus group discussions. In each village, separate focus group discussions were held with women and with men. The team also spoke with the head of the village and kelian adat (hamlet head), as well as midwives and doctors holding private hours in or near the area. Respondents included over 40 healthcare informants and over 70 citizen-clients. Healthcare informants included doctors, midwives, paramedics, puskesmas directors and other staff, public and private hospital directors, and local officials, including the Regent (the head of the district), the head of the Health and Social Welfare Bureau, and the head and staff of the JKJ Management Body. The team began and ended the week by speaking with local officials.
Impact Of JKJ

- District Survey on health services
- JKJ Preparation Team established (December)
- JKJ Management Body (Bapel) established (January)
- Rp. 3.7 billion spent on JKJ
- 95% of JKJ reimbursements went to services for the non-poor
- Rp. 9.5 billion spent on JKJ
- 66% of the poor insured
- JKJ implementation begun (March)
- 40% of sick people (and 29% of poor sick people) sought treatment
- 90% of sick people (and 80% of poor sick people) sought treatment
- JKJ one-card-per-person system begun
- Only 22% of the poor re-registered under new system (May)
- Law No. 40/2004, centralizing health insurance, enacted (September)
- Child delivery services included in JKJ coverage
- JKJ service reimbursement rates reduced (June)

Did JKJ Improve Access Of The Poor To Health Services?

Health insurance coverage in Jembrana\(^\text{156}\) (% of the population)

<table>
<thead>
<tr>
<th>Provider</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kartu Sehat (government Health Card scheme targeting poor households)</td>
<td>5.8</td>
<td>12.7</td>
</tr>
<tr>
<td>PT. Askes (for government employees)</td>
<td>8.8</td>
<td>9.4</td>
</tr>
<tr>
<td>Astek/Jamsostek (for private sector workers)</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td>Perusahaan/kantor (for private sector workers)</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>Dana Sehat (a village level Health Fund scheme)</td>
<td>1.9</td>
<td>0.1</td>
</tr>
<tr>
<td>JPKM (Jaminan Pemeliharaan Kesehatan Masyarakat) (government HMO)</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Others (including JKJ)</td>
<td>0.2</td>
<td>45.6</td>
</tr>
</tbody>
</table>

Yes, because the poor now have access to most private (as well as all public) healthcare providers for free. Before JKJ, only 17 percent of citizens were covered by any kind of health insurance; now, 63 percent are covered. JKJ is by far the most significant health insurance provider in Jembrana, covering nearly half the population. The second most widely-used provider, Kartu Sehat (a government health insurance scheme targeting the poor), covers only 13 percent. Given that 9 percent of the population is poor, the implication is that all the poor are covered by the Kartu Sehat already, though there are no data to verify this. Though many of the poor may thus be double-insured, JKJ membership has the important advantage of providing the poor with access to private providers.

\(^{156}\) SUSENAS (2003/2004). Some people have more than one provider, so annual totals cannot be tallied in this table; some people with Kartu Sehat (health card) insurance may actually be covered by JKJ but don’t realize it.
Healthcare payments by the poor, pre- and post-JKJ

<table>
<thead>
<tr>
<th>Service</th>
<th>Pre-JKJ payment of the poor</th>
<th>What JKJ members pay</th>
<th>Theoretical payment of poor non-members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Puskesmas (primary and ante-natal care)</td>
<td>FREE</td>
<td>Free</td>
<td>Up to Rp. 27,000</td>
</tr>
<tr>
<td>Public hospital</td>
<td>FREE</td>
<td>Free</td>
<td>Rp. 10,000</td>
</tr>
<tr>
<td>Private doctor</td>
<td>Rp. 20,000</td>
<td>Free</td>
<td>Rp. 20-30,000</td>
</tr>
<tr>
<td>Midwife (ante-natal care)</td>
<td>Rp. 10,000</td>
<td>Free</td>
<td>Rp. 15,000</td>
</tr>
<tr>
<td>Midwife (delivery)157</td>
<td>Rp. 50-150,000</td>
<td>Free</td>
<td>Rp. 500-600,000</td>
</tr>
</tbody>
</table>

By providing free health care at both private and public facilities, JKJ has increased the healthcare facility utilization rate by both poor and non-poor clients. Prior to JKJ, poor clients could only get free healthcare at the 11 public clinics (as well as local sub-clinics). Under JKJ, in addition to free care at the local sub-clinics and the remaining 5 public clinics, the poor also have access to more than 20 doctors whose practices are fully private, 2 hospitals providing secondary and tertiary care now covered by JKJ, and the private practices of more than 40 civil servant doctors who have signed individual JKJ contracts to provide additional private services after their working hours in public facilities. The increase in healthcare options has been dramatic. According to the National Socio-Economic Survey, the percentage of people in Jembrana who reported seeking treatment when they were ill more than doubled from 40 percent in 2003 (when JKJ was just starting) to 90 percent in 2004.158 For the poor, the increase was from 29 percent to 80 percent. As one male interviewee noted, “Now we can see the doctors any time for free.” A woman stated, “We can receive free family planning services frequently now from midwives.”159

On paper, healthcare costs have increased sharply for poor non-JKJ members, but most public providers still provide free care for all poor clients. Public clinics have increased their service charges for non-JKJ members from Rp. 2,500 (US$0.26) per visit before JKJ (when the poor did not have to pay) to up to Rp. 27,000 (US$2.8) for poor and non-poor non-members alike, more than ten times the pre-JKJ charge. Public hospital doctors that previously did not charge any service fee (since it was internalized in their salary) now charge non-members Rp. 10,000 (US$1) for emergency room consultations. The high fees for healthcare for non-members are intended to encourage people to join the JKJ scheme. However, a list of poor households (keluarga miskin or gakin) is given to all public providers (and is available for private providers as well). Poor clients whose names are on this list will almost always get free care from public providers, whether they are JKJ members or not, and this care will almost always be reimbursed to the provider by JKJ. As the head of the Kaliakah puskesmas in Jembrana district stated, “We always provide free medication to the poor. And in general, most of them have a JKJ card or are listed in the poor household list.” Further, it is very unlikely that there are any poor people not registered in the gakin book as gakin registration is done annually and conducted carefully at the grassroots level.160 The willingness to provide free services even for

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157 Child delivery services were only added to JKJ coverage in early 2005.
158 The authors’ calculation based on the 2003/2004 National Socio-Economic Survey.
159 Brangbang village interviews.
160 Head, district health office.
non-members may be due to public clinics’ sense of social obligation or to their desire to maintain a good reputation in the midst of stiff competition among providers. The informal arrangement, though it does increase access of the poor to healthcare, means services to poor non-members are at the discretion of providers. One doctor talking about his private practice asserted, “I will not receive patients with only a gakin (i.e., poor household) card; if the poor client does not have a JKJ card, they still have to pay. Such cases rarely happen, however.”

The degree to which the poor have increased access to healthcare depends on whether they are JKJ members or not, and JKJ registration requirements have kept many of them from joining. The number of poor people seeking healthcare increased from 24 percent to 64 percent if they were uninsured, but from 46 percent to 95 percent if they were insured.\footnote{Prior to JKJ, some of the poor were insured through other schemes. National Socio-Economic Survey (2003, 2004).} Though the improvement is greater for uninsured poor (an increase of 2.6 times) than for the insured poor (an increase of 2.0 times), being insured still makes a difference: insured poor are more likely to seek care. All citizens of Jembrana are eligible to participate in JKJ. However, to apply for membership, a citizen must produce a Jembrana identity card. Though these ID cards are free, a free, government-issued “family card” must be shown in order to get one, and since not all citizens have family cards, not all can get the ID cards required for JKJ membership.\footnote{For instance, some families who have moved into the area temporarily do not bother to get a card.} Moreover, JKJ membership cards must be purchased and renewed annually. Initially, only one membership card was required per family, costing Rp. 10,000 (US$1.1) for non-poor households and Rp. 5,000 (US$0.55) for poor households. JKJ’s Management Body claims that all poor households were registered under this arrangement, but National Socio-Economic Survey data contradicts this claim: according to the survey, only 66 percent of the poor in Jembrana were insured in 2004. The discrepancy can only partially be accounted for by the use of different criteria in identifying the poor.

In February 2005, ostensibly to “introduce the concept of a premium to citizens” but more likely to raise much-needed funds, district government began to require one JKJ membership card per person, rather than per family. Each individual card costs the same as a family card. By May 2005, only about 22 percent of poor citizens had been re-registered in this new system.\footnote{JKJ Management Body.} Even at the low cost of Rp. 5,000 per card, many poor families have had to borrow money to enroll in JKJ, either from a local micro-credit scheme or from friends and family. Men from poor families revealed that they often choose to enroll their wives and children in JKJ first, although they all have plans to sign themselves up eventually as well. Given the close correlation of being insured with seeking care, under this new registration system JKJ may actually have reduced the access of the poor to healthcare.\footnote{Dentist, Bapel staff, and head of district health office.}

**Did JKJ Make Jembrana More Attractive To Health Professionals?**

JKJ may have made Jembrana a more attractive place for midwives to work, but has had either a negligible, or a negative, impact on the numbers of doctors, dentists, paramedics and specialists. According to the Jembrana District Bureau of Health and Social Welfare, the percentage increase in the number of general practitioners
working in Jembrana was roughly the same from 2002 to 2003 (before JKJ) and from 2003 to 2004 (after JKJ began)—however, the increase did slow slightly. The number of paramedics did not change between 2003 and 2004, stopping what had been a small decline in their numbers between 2002 and 2003. Specialist numbers also did not change between 2003 and 2004, although they had increased by a third in the year prior to JKJ. The number of dentists increased by the same absolute number after JKJ began, but by a far smaller annual percentage: 50 percent between 2003 and 2004 (after JKJ was introduced), down from a 100 percent increase between 2002 and 2003.

<table>
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<th>Change in numbers of healthcare workers, 2002-2004</th>
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<td>General Practitioners</td>
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<td>Midwives</td>
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Midwife numbers, on the other hand, soared after the introduction of JKJ—at least according to the District Bureau of Health and Social Welfare. In 2003, there were 83 midwives in the district, a mere 2 percent increase over the previous year, but by 2004 the number had grown to 113—a 36 percent annual increase. Though strict referral regulations no longer permit them to administer primary care services which were a large part of their work prior to JKJ, JKJ reimbursements for antenatal care and child delivery services are high enough to make work in the district quite attractive for midwives.

Specialist numbers did not grow in response to JKJ because JKJ reimbursements are too low to attract them. In addition, the only workplace for specialists in Jembrana is the Negara public hospital (the only provider of secondary and tertiary healthcare services that has signed a JKJ contract), so supply is self-limiting. Paramedic numbers did not respond to JKJ because their services are not reimbursable by JKJ at all; paramedics cannot sign individual JKJ contracts as health care providers. In fact, a decrease in the number of paramedics might have been expected, as prior to JKJ, paramedics (as well as midwives) often used their primary care skills to provide general practitioner services outside office hours, though in theory this was illegal. With the strict referral regulations, this is no longer possible, significantly cutting paramedics' potential income.

**Did JKJ Intensify Provider Competition For Clients?**

Yes. By increasing access to private providers, JKJ has increased the competition between public and private clinics for clients. Now even the poor can access private doctors registered with JKJ because services are free, whereas pre-JKJ a visit to a private doctor cost Rp. 20,000. The increase in the supply of doctors to the poor (all

165 The head of the district health office, however, thinks the annual increase is only 7-8 midwives.
166 Some villagers still go to paramedics in an emergency, or when doctors are unavailable.
167 About 30 percent of Jembrana’s doctors are fully private.
costing the same) ipso facto increases competition. Before JKJ, poor clients who wanted the care of doctors had only one choice: the puskesmas. JKJ has removed the doctor-staffed puskesmas’ monopoly on poor patients. This has resulted in a decrease in the number of clients at local clinics, especially where private doctors have nearby practices, as the poor now choose their healthcare providers based largely on convenience. For instance, patient numbers at the Manistutu pustu (village clinic) are decreasing rapidly since a private clinic only 100 m away began holding the same hours as the pustu. The heads of the Melaya and Kaliakah puskesmas concurred that since JKJ began, the puskemas’ patient numbers have both decreased by a third, to just 20 per day.

At the district capital, competition between public and private providers for clients is even more intense than in the villages, simply because there are more providers. While to some degree competition has pushed the district hospital to improve service quality, its main response has been to focus on secondary and tertiary care provision and on paying non-JKJ clients, whose fees can be set at a profit-maximizing level. Other public clinic directors suggest they would also like to increase the number of paying clients. So far, the hospital’s preference for paying clients has not had a negative impact on access of the poor, since the hospital still has a low bed-occupancy rate. In the future, however, if JKJ extends secondary and tertiary care coverage to non-poor members, and as the hospital continues to recruit paying non-JKJ members, poor JKJ members may be crowded out.

Did JKJ Improve The Quality Of Healthcare And Increase Client Satisfaction?

Anti-corruption measures. In September 2004, after noticing irregularities in his claims, Bapel investigated the home-based private practice of Dr. S. and his wife, who is a midwife, in Brangbang village. About 80 percent of family planning services had been conducted by Dr. S. and just 20 percent by his wife. This was suspicious because usually such services are provided by midwives. A team checked the JKJ card signature of one of Dr. S.’s patients: it was Dr. S.’s, but the patient stated that actually the midwife had checked her. Since doctors get a higher service fee (about Rp. 8,000/patient) than midwives (about Rp. 5,000/patient), their average of 10 patients per day represented a significant financial benefit from cheating. Though the patient later claimed that she had actually been treated by the doctor, the team, believing her first statement, issued Dr. S. a summons. Investigations of 11 other of his patients uncovered the same story. With such strong evidence, Bapel canceled the remaining 6 months of Dr. S.’s contract. Though he can continue his private practice, he is unlikely to have many patients, as his care will no longer be free. 168

In quantitative terms, the quality of healthcare for the poor seems to have improved. Although the overall morbidity rate in Jembrana increased slightly from 29.17 percent in 2003 to 29.49 percent in 2004, the morbidity rate

Yes. It is likely that the JKJ-applied standards for equipment, treatment, and medication, and sanctions for standard violators, have improved service quality, though there is no supporting data. JKJ standards were adapted by the JKJ Preparation Team from the standards of the Indonesian National Medical Association (IDI, or Ikatan Dokter Indonesia). The team ensures adherence to the standards by visiting doctors’ offices, reviewing paperwork such as medical stock lists and prescription records, and interviewing clients. Investigations are also initiated based on client complaints, such as complaints about demands for additional fees for non-generic medications. Violators are sanctioned by up to a year’s suspension of their JKJ contract, although no provider has yet been permanently banned or brought to court.

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168 Ex-Bapel investigation team members.
for the poor declined by nearly 6 percentage points in the same period, to 28.53 percent in 2004.

The qualitative data available indicate that both healthcare quality and client satisfaction have improved. Providers list better explanations of medications, improved packaging of generic drugs, “service with a smile,” and shorter queues when asked to define high-quality service provision. In response to the increased competition for clients, puskesmas are deliberately trying to improve service quality and client satisfaction by:

- Sending mobile clinics and doctors to remote areas at least monthly (rather than just providing health education in these remote areas, as before JKJ);
- Improving medicine packaging; and
- Provide “full smile” reception for patients, which was never done before.

The focus on quality-as-client-satisfaction is mainly due to the lack of client-borne costs and stringent quality-control standards for treatments, medication and equipment, which reduce the potential for variation among providers.

Clients also feel better packaging of generic medicines is a measure of high-quality services. Before JKJ-induced competition, generic medicines were not “blister-packed” as separate doses, but—despite the medicines themselves being the same—with the nice new packaging, patients feel the medicines are now better. Patients also define quality services as services that cure. According to this definition, health services are rated highly as patients almost always feel they are cured after visiting clinics.

Even highly reputable doctors have been investigated by Bapel. Between October 2003 and October 2004, a total of 40 rebukes and suspensions were handed down among the 197 healthcare providers. Of them, thirteen providers170, or about 7 percent, received contract suspensions of between one and six months.

A strict referral system aims to maintain quality standards but has also restricted services previously available from certain providers; increased numbers of providers and longer working hours have maintained an adequate supply of healthcare services. JKJ has likely improved the quality of healthcare by implementing a strict referral system to ensure that providers only provide services in their own areas of professional expertise. For example, Bapel rejects dental care claims from general practitioners since dental care should be provided by dentists. Similarly, Bapel rejects claims for antenatal care from general practitioners that should have been handled by midwives. However, the referral system may have reduced access of the poor to healthcare by reducing health provider options; most importantly, midwives are prevented from providing primary care and paramedics are ineligible to sign up as JKJ providers; both of these providers were previously the first source of care for many of the rural poor. Since JKJ began, there are many more midwives, but referral standards mean that the services they provide are restricted, shunting potential clients to the care of doctors. Only a small number of midwives continue to provide their traditional range of services. Also, together with the preference of many clients for doctors over midwives, and doctors’ financial

169 Melaya Puskesmas Director and staff.
170 2004 figures; some providers were rebuked more than once, or both rebuked and suspended, so the total number of providers disciplined was less than 40.
incentive to maximize the number of clients, doctors’ hours are now longer to accommodate the increased number of clients. Yet, according to clients, this has not decreased the quality of services.\(^{171}\) Moreover, the ratio of population to doctors is still much better in Jembrana (2,840:1) than at the national level (4,000:1). Any negative impact of the referral standards has likely been mitigated by the concomitant increase in the number of doctors and midwives in the district.

**Slow reimbursements to providers may affect provider performance.** At the time of research (early March 2005), JKJ doctors were experiencing a three-month delay in reimbursements of their claims. This directly affects service providers’ cash flow, and may have a negative impact on service provision, especially of doctors who are fully private, and thus do not receive the civil servant income. Public clinics were also realocating resources to cover the cash shortage. However, the shortage may have more to do with annual year-end delays in national-to-provincial budget transfers, than to a flaw in JKJ’s administration.

**Health education by the wayside?** Puskesmas are the main provider of health education to the poor, who are their main beneficiaries, yet JKJ provides a strong financial incentive to providers to focus on client care to the detriment of the non-remunerative health education function, which includes public health education campaigns and other preventive measures. At the same time, though the District Health Office claims the budget for health education is actually increasing, at least one puskesmas has not received any of this money. Therefore, some of the puskesmas’ own profits must be set aside for any health education activities they continue to provide. There is thus a double disincentive to clinics: the opportunity cost of spending time providing education is higher, and the received funds for the activity are reduced. Indeed, at least one puskesmas director has observed a trend away from providing health education.\(^{172}\)

**Is JKJ Sustainable?**

**No.** District spending on JKJ is increasing rapidly. Increasing utilization of healthcare services is, of course, increasing the cost of the scheme since there is no cap on the amount of services each citizen may receive. In 2003, Jembrana spent Rp. 3.7 billion on JKJ, representing less than 2 percent of total district spending. By 2004, reported direct JKJ spending on claims reimbursements had increased 2-and-a-half times, to Rp. 9.5 billion\(^{173}\). The research team estimates that this accounted for at least 4 percent of the total district budget,\(^{174}\) much higher than the comparable rate for health spending at the national level (2.9 percent of total spending in 2003).\(^{175}\) The plan to increase JKJ coverage for non-poor members to include secondary and tertiary healthcare will further increase the scheme’s cost to the district despite provisions to include a measure of cost-sharing through charging of premiums.

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171 According to one doctor, these factors have also decreased the length of a typical consultation, from 5-6 minutes prior to JKJ to 2-3 now.

172 Director, Melaya public clinic.

173 No data is available on JKJ spending for administration, management, and other non-claims-related costs, though these would necessarily increase total JKJ spending above Rp. 9.5 billion.

174 Rp. 982 million in non-district sources was put toward the 2004 JKJ budget. Subtracting this from reported 2004 JKJ expenditures yields about Rp. 8.5 billion; the team assumes Jembrana had to pay this amount itself—roughly 4 percent of the district’s total expenditure.

175 Total Jembrana spending on health, including health education, JKJ, and other expenses, is closer to 5 percent of total district expenditures.
The JKJ scheme is financed by a pool of funds from different sources, mainly the district’s locally-generated revenue, which comprised 80 percent of this pool in 2003 and 2004. The remainder of the funds come from central and provincial government subsidies and P.T. Askes, the state-owned insurance company, that had each, in the past, supported a different part of Jembrana’s public health system. Given that other JKJ funding sources are unlikely to increase significantly, any increases in JKJ spending will have to be borne by the district. Yet in 2004, Jembrana’s own-source revenue declined from Rp. 11.1 billion (2003) to Rp. 9.8 billion (USD 1 million), a drop of 12 percent, while JKJ spending increased dramatically—one reason district officials have become very interested in exploring options for self-funding.

As with any new program, government must either locate new sources of funding or reallocate funding from other expenditures. In the first year of implementation, Rp. 3 billion in new spending on JKJ came from cutting a number of government bureaus as part of a wider restructuring effort, but it is unknown where the much greater 2004 JKJ funding came, or was diverted, from (district budget data for 2004 is not yet available for analysis).

As a result of JKJ’s high and rapidly increasing cost, officials are exploring ways of making the scheme self-financing. The replacement of family with individual membership cards was the first step. In addition, a card renewal fee has been initiated—essentially the same as buying a new card each year, as the cost is the same: Rp.10,000 or USD 1.1 for the non-poor, and Rp. 5,000 or 55 US cents for the poor. Even with 100 percent coverage, though, these initiatives would earn only Rp. 2.4 billion (US$250,000)—less than a third of the district’s 2004 spending on JKJ.

Future plans to provide secondary and tertiary coverage for non-poor citizens include payments of a premium to further boost JKJ revenues.

The scheme’s very flexibility threatens financial sustainability. The willingness of providers to serve poor non-members for free if they appear on the gakin list (or even if they do not), is an informal aspect of the system that is reinforced by Bapel’s willingness to reimburse those providers. This does help ensure access of the poor to healthcare in the short run. However, it reduces the incentives for the poor to register: only 66 percent of the poor were registered with JKJ in 2004, and as of May 2005, only 22 percent (under the new one-card-per-person system). The short-term benefits to the poor are thus a threat to both financial sustainability of the scheme and long-term benefits to the poor.

Inclusion of non-poor clients in the scheme adds greatly to its cost. Of the Rp. 9.5 billion in 2004 JKJ claims, 95 percent were made by non-poor citizens, most of whom could have paid for their own basic healthcare. Yet JKJ may need to court these citizens as clients who can afford to pay premiums as part of a future expansion of the scheme.

176 Assuming a population of 253,000 with a 12 percent poverty rate.
Inadequate investment in the administrative framework threatens the sustainability of JKJ impact. At present, the verification team consists of only three members with no special training, each responsible for verifying over 500 claims a day, and reimbursing a fortnight’s-worth of claims within a week. In addition, staff must carry out claim verifications in the field and register new members—a monumental task given the new one-card-per-person system introduced in early 2005. Apart from their civil servant salary, verification team members also get a fixed honorarium, but they see this as still quite small compared to their work. Funding for adequate staffing is essential for an effective quality control mechanism, which in turn is vital to JKJ’s long-run success in improving health outcomes.

Wildly inaccurate JKJ budget projections imply poor financial planning. Though 2003 spending on JKJ was in line with budget projections, actual spending on JKJ in 2004 was nearly double the projected Rp. 5.5 billion. Officially, Jembrana reported total health spending in 2004 of Rp.13.7 billion (US$1.5 million), of which Rp. 7.9 billion (US$830,000) went for non-personnel spending such as JKJ. However, given that Rp. 9.5 billion (USD 1 million) in JKJ claims was reimbursed in 2004, the official figure is clearly too low. With time, better data collection, and greater transparency, budget projections might become more accurate, but with the current inaccurate financial planning, progress toward financial sustainability is certainly less likely to be made.

JKJ’s uncertain legal basis is a challenge to its sustainability. At present, JKJ is founded on the rather weak legal basis of a Regent Decree. The Decree gives the district the flexibility to experiment with the scheme for maximum positive impact; however, once the current Regent is gone, an unsympathetic replacement could change, or even

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177 *If a midwife provides the antenatal care, the “hospital stay” is actually a two-day stay in her house.*
178 *Evaluation by the district Health and Social Welfare Bureau and the JKJ Management Body.*
179 *Assuming 26 working days per month and 8 hours per day. Bapel verification staff.*
remove, JKJ. It can be argued that, given the scheme’s popularity, attempts to dismantle the system by a new Regent would face stiff popular resistance. When asked what they would think if another Regent was elected and discontinued JKJ, one women’s focus group exclaimed in unison, “No, no—don’t take it away!”

The enactment of Law No. 40/2004 on Social Security in September 2004 presented a much more serious challenge to JKJ. This law centralized the authority to provide health insurance to a central-government-appointed state-owned enterprise, PT. Askes. Several districts with their own insurance systems have protested the law, and it is currently being contested in Indonesia’s Constitutional Court. Until the official implementing regulation is issued, though, JKJ will be able to continue to function unchanged.

**Success Factors**

**JKJ gave the poor access to private as well as public healthcare providers.** The poor had already had access to public doctors pre-JKJ; it is the inclusion of most private doctors and clinics in the JKJ scheme which significantly increased access of the poor to healthcare. In addition, inclusion of private providers in the scheme initiated competition between public and private clinics, leading to increased quality of services for all, as seen by provider attention to client satisfaction.

**Strong support and creative vision of the Regent.** JKJ created major changes in health services financing, placing a heavy burden on the district budget. Despite the objections of central government, the district used payments from PT. Askes, the central government’s official insurance firm, to support the scheme. In addition, the Regent rationalized his administration by converting clinics and reorganizing the district government structure, creating annual savings of Rp. 2-3 billion (US$200-300,000), but laying off 48 people in the Bureau of Health and Social Welfare alone. JKJ also put some civil servants, particularly the staff of public health facilities, under greater pressure with few added benefits. Under a different leader, all these changes might have created trouble in the district parliament, but the Regent, himself a health professional, provided the strong leadership that made the difference by championing the reform, speaking publicly, mustering support in the parliament, being personally involved in decision-making together with personally-recruited top officials, and selecting remaining puskesmas directors who believe in his vision and are also capable managers.

**Flexibility of design.** JKJ has had great initial success in increasing the percent of the population seeking healthcare when ill. Though there are major challenges to continued positive impact, the scheme’s flexibility has already allowed some changes in implementation, and could support more. For instance, child delivery services were finally included in JKJ coverage starting in early 2005; in another example, service reimbursement rates were reduced in June 2004 from Rp.10,000 to Rp.8,000 for visits to doctors, and from Rp.6,000 to Rp.4,000 for midwives, in an effort to move

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180 The Rp. 27,000 reimbursement fee includes Rp. 10,000 for services and up to Rp. 17, 000 for medicine. Medicine reimbursement levels remain unchanged.
toward financial sustainability. It is JKJ’s legal basis on a Regent Decree, rather than a district law (Peraturan Daerah or Perda) which requires the agreement of the district parliament, that allows this flexibility.

**Strong incentives for providers to serve a large number of patients.** JKJ’s price cap has eliminated price variations for members, while its rigid primary care standards have practically removed objective variations on quality. Thus, providers mainly seek to increase the quantity of clients. Clients are already eager to be seen by doctors now that treatment at most public and private clinics is free, but providers are still motivated to improve service quality in subjective terms (“service with a smile”, better medicine packaging, etc.) to further increase client numbers.

**Increased public expenditure on midwives.** The favorable conditions created by JKJ for midwives—an adequate level of reimbursement rates, and adjustments to include child delivery and antenatal care—were likely responsible for the increase in their numbers in Jembrana.

**Clear and enforced regulatory framework.** The JKJ-induced competition on quantity of clients creates the temptation for providers to cheat. Improprieties may include inflating the number of clients, inflating medicine charges, charging clients co-payments, and claiming treatments for which providers are not authorized. JKJ incorporates strict standards for types of medication that may be used, fees that may be charged, types of services that may be provided by each type of provider, and other variables. Without a doubt, Bapel, the JKJ management, regulatory and enforcement body, is the institutional key to the success of JKJ. Verifications conducted by Bapel protect the district from provider improprieties that could lead to inflated costs and loss of quality; enforcement of standards and cost control have already led to improved service quality, and should ultimately lead to financial sustainability and better health for the district population.

**Limitations To The Positive Impact Of JKJ**

**Insufficient dissemination of information has contributed to low member numbers.** No written material was handed out to potential members or providers about the JKJ scheme. Instead, information was disseminated via meetings and visits to villages by a campaign team. Villagers rely on village leaders for information about the scheme, and there are continuing misconceptions about it, such as the belief that clients may have to pay if services exceed the Rp. 27,000 reimbursement limit per visit. Some poor people are unaware that membership includes free secondary and tertiary healthcare, and so may not take advantage of the benefit.

**Ever-stronger barriers to membership have limited JKJ’s potential positive impact on the poor.** The new registration system costs families much more than the one-card-per-family system, which itself was too expensive for some of the poor. Even families who feel they can afford the increased costs may still not be able to register.

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181 It is possible the decrease in reimbursement rates led some providers to focus on paying non-member clients, and to increase their prices for non-members, to the detriment of the poor. On the other hand, the fee cut may, by reducing doctors’ financial opportunity cost, have encouraged doctors both to serve JKJ members, and to cut their fees to non-members, the lower JKJ fees serving as an “anchor” for the reduction of fees for paying clients. The team did not gather data to support or deny either of these possibilities.

182 There are conflicting data on the extent to which midwife numbers actually increased.
because they lack the required identification, or cannot find the time to attend too-brief registration drives.  

Unintentional disincentives to puskesmas may have reduced preventive health education activities that particularly benefit the poor. JKJ in effect rewards puskesmas that maximize client numbers. As health education does not yield financial rewards, it may be “squeezed out” of puskesmas’ activities.

Poor financial planning may have pushed JKJ officials to attempt self-financing without adequate attention to the impact on the poor. The JKJ budget projection for 2004 was much lower than actual 2004 spending. In response to the apparent surprise of high and rapidly increasing expenditures, JKJ officials have begun to implement self-financing mechanisms such as the one-card-per-person system that have kept the number of poor members low.

Because JKJ provides nearly the same benefits for both non-poor and poor members, it channels significant public spending toward the non-poor. Though the poverty rate in Jembrana is just 9 percent, if JKJ covered all the poor, the percentage of claims for services to the poor should be well above 9 percent, yet in 2004 this figure was just 5 percent. The numbers imply that the JKJ scheme is not the most efficient use of public money if the goal is free healthcare and improved health outcomes for the poor.

**Making It Replicable**

Public clinics will have to increase revenue in order to improve quality and attract more clients. They already report that their client satisfaction efforts are aimed at changing the perception that they are low-quality providers since they see mainly poor clients. If unable to compete for non-poor clients who can afford to pay, the poor may be left as the only clients at public clinics stigmatized as “low-quality”. Clinics would like to be able to provide certain secondary services in order to earn additional revenue from paying clients, but are currently not allowed to do so.

Consider the impact of the scheme on non-members, particularly the poor. Public providers continue to provide free healthcare to poor non-members, in part because of the sense of social obligation, and in part because they continue to be reimbursed by JKJ for these services. Yet because they are not members, these clients are only served at the discretion of providers, who are under no legal obligation to serve them for free; moreover, they have no recourse to Bapel’s complaint mechanism. The social ramifications of such a provider-client relationship are likely to be at least partly negative for these poor clients. Free care for non-members may be no favor to them, in the long run. For instance, free care for non-members increases the cost of the scheme, which may be passed on to members, including the poor. In a vicious cycle, higher costs further discourage poor non-members from joining, reducing revenue but increasing costs of the scheme.

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183 Due to the management team’s resource limitations, registration was often conducted within a very short time period.

184 If JKJ does not cover the whole population, but does cover all the poor, then the poor will be disproportionately represented among JKJ members and, assuming even behavior among poor and non-poor members, the percentage of claims made for services to the poor should also be higher than their share of the district population.

185 The remainder were claims for services to the non-poor or to those insured by PT. Askes.
Ensure regular data collection and analysis to provide a sound basis for scheme improvements. There is apparently no regular data collection and analysis on such key topics as: how many of the poor are actually registered; how midwife numbers have actually responded to JKJ; the actual impact on the poor of the exclusion of paramedics from the JKJ scheme, and of strict referral requirements; the objective and subjective quality of services; quantitative health statistics; where JKJ funding is coming from; actual JKJ expenditures; and the long-term financial impact of JKJ on puskesmas. Clearly, attempts to improve the scheme’s performance related to any one of these topics require accurate and well-analyzed qualitative and/or quantitative data.

Anticipate the over-use of services that comes with subsidized healthcare, and design the scheme accordingly. A typical problem inherent in a fee-for-service scheme is that a fully subsidized system encourages clients and providers to become less economical in their use and provision of healthcare. Clients pay more visits to healthcare workers, even when it is not absolutely necessary. Providers become inefficient in their use of resources. A scheme can be designed to anticipate and avoid these problems by, for example, incorporating the use of different payment methods, such as co-payments. In JKJ’s case, however, there was little political motivation to anticipate the heavy long-term costs, as the Regent reaps a great deal of short-term political goodwill from his schemes for “free” healthcare and education. The implementing departments, used to following rather than examining and challenging policies decided by the Regent (due to the nature of the Indonesian bureaucracy after decades of centralized management), and staffed by medical professionals rather than health policy specialists, were unprepared and unable to propose alternative designs for the scheme, though there has been an informal internal discussion on JKJ’s efficacy.

Invest in management. At present, the tiny Bapel staff laboriously verifies thousands of individual provider claims each month, as well as shouldering responsibility for registration and re-registration of many thousands of members. It is unlikely that they have time to improve their management capacity. The work overload has certainly contributed to: a lag in claim reimbursements, which may have an impact on service quality; a backlog of providers who must be investigated (and know that the team is overworked); and still-low member numbers, at least among the poor. The potential gains from increasing staff numbers and investing in capacity building for them are high.

A health insurance scheme that is not deliberately pro-poor must address the risk of becoming anti-poor. Non-targeted health insurance schemes such as JKJ, which attempt to include all citizens, both poor and non-poor, risk disproportionate diversion of public funds to the non-poor. In 2004, 95 percent of JKJ reimbursements were for services to the non-poor; only 22 percent of the poor are JKJ members under the new one-card-per-person system. Membership constraints faced by the poor, increased fees for non-members (among whose numbers the poor are disproportionately represented), and skyrocketing costs that are indirectly passed on to members and non-members alike, have all been some of the unplanned-for effects of JKJ’s inclusiveness, for which the poor have borne the brunt.
Case Study 7:
The Community Block Grant Program
In Blitar City, East Java
Abstract

The Blitar Community Block Grant (CBG) Program, implemented since 2002, provides grants for development projects in the twenty urban villages (kelurahan) of Blitar City, East Java. Community participation is a key element. Communities are very involved in project selection, mainly through the annual city-led, government-mandated meetings called Musrenbang, whose purpose is to elicit citizen input into city planning. Blitar also, unusually, holds “pre-Musrenbang”, basically Musrenbang at the local level. At both Musrenbang and pre-Musrenbang, the active participation of attendees is encouraged—rather rare in Indonesia. Communities’ financial and in-kind contributions have ranged from 13 to 22 percent of the total program budget annually (which itself increased from Rp. 3.62 billion or US$380,000 in 2002 to Rp. 6.14 billion or US$646,000 in 2004). Funded projects reflect communities’ preference for infrastructure, but city government has been encouraging non-tangible but (in its view) more efficient projects such as training: from 2005 on, no more than 60 percent of program funds may be spent on infrastructure. The Village Community Empowerment Institutions (Lembaga Pemberdayaan Masyarakat Kelurahan or LPMKs), play an important role in mobilizing communities. Communities do not, however, participate in monitoring and are generally unaware of budget issues. Though targeting the poor was not originally an explicit goal, there has been a pro-poor funding bias in two of Blitar’s three sub-districts, likely because of a new (2003) project selection criterion, “number of poor beneficiaries.” Program funding for slum housing renovation has provided the most direct benefits to the poor. City government, recognizing this, mandated that from 2005 on, 13 percent of program funds be spent on this activity. It appears that the CBG Program is technically, institutionally, financially and socially sustainably. Notably, it is very low-cost, comprising less than 2 percent of the city budget annually. The Mayor’s willingness to let communities “make mistakes” has increased the likelihood of sustainability, not only because the program is able to improve based on lessons learned, but also because communities are learning how to implement a program over which they have ownership. The program’s main threats are its insecure legal grounds, the lack of accountability of key program players, and the lack of budgetary transparency.
Introduction

The Study Site: Blitar City

Blitar city (kota Blitar) is known in Indonesia as the final resting place of Sukarno, the first President of Indonesia, and as the location of the ancient Panataran temple. These two attractions make Blitar a popular tourist destination. The city, which includes three sub-districts (kecamatan), is only 33 km2, making it the second smallest city or district in East Java. Most of Blitar’s 123,000 citizens (2001 figure) are of Javanese ethnicity and work in the restaurant and hotel industries or other services industries. Blitar’s poverty rate is 27 percent, a bit lower than the provincial rate of 29 percent but higher than the national rate of 19 percent.

Blitar’s Community Block Grant Program

Block grant programs make available a set amount of funds for which local government submits proposals for development projects. There are many block grant programs throughout Indonesia, but they are not part of a nationwide program nor mandated by central government. They do have a common goal: to empower local government and refocus district government on district-wide planning and implementation of social services and development. Many programs have not, however, had the desired result. Problems include inadequate funds, unclear authority, a top-down approach, under-coverage of the target population, and leakage of funds. The Blitar Community Block Grant Program is different from other such programs in Indonesia because it gives local government a great deal of authority in project decision-making, empowers existing local government as well as local representative community structures, integrates Community Block Grant (CBG) Program planning with the existing formal development planning process (Musrenbang), and emphasizes community participation.

The Blitar CBG Program, conceived and designed by the Blitar city government and implemented since 2002, provides grants for development projects in Blitar’s twenty urban villages (kelurahan). The program aims to:

1. Empower the kecamatan and kelurahan to bring services closer to the people;
2. Improve development efficiency, effectiveness, transparency and accountability;
3. Create community ownership of public facilities and development projects;
4. Increase the capacity of kecamatan and kelurahan governments to meet their infrastructure needs;
5. Facilitate the development of a new, service-oriented mindset among local officials;
6. Increase community participation in development activities; and
7. Create employment at the kelurahan level.

186 Blitar Regional GDP (2003).
188 Dharmawan (2005).
189 Paraphrased from General Guideline Block Grant Program (2005).
Local government levels. 190

- Hamlet: RT or Rukun Tetangga
- Urban sub-village: RW or Rukun Warga
- Urban village: Kelurahan, headed by the Lurah
- Sub-district: Kecamatan, headed by the Camat
- District/city: Kabupaten/Kota

At the city level, the mayor and the DPRD (Local House of Representatives or Dewan Perwakilan Rakyat Daerah) supervise the CBG Program, but the key player is the City Block Grant Coordination Team led by the Bappeda (City Planning Department or Badan Perencanaan Pembangunan Daerah) and including the Public Works Department (Dinas Pekerjaan Umum), the Treasury Department, and—as needed—the Departments of Social Welfare, Trade and Industry, Small and Medium Enterprises, and Agriculture. This team determines program funding allocations to each kecamatan, coordinates with city strategic planning and provides direct program supervision.

At the kecamatan level, the Kecamatan Management Team, consisting of the kecamatan head (Camat) and the treasurer, is responsible for program implementation. This team works with Activities Unit Leaders responsible for administration and coordination with village project teams. Planning consultants provide technical assistance. A formal Kecamatan Monitoring Team, including people from the kecamatan office’s financial, development and planning units, monitors all projects. Newly-formed kecamatan-level Independent Kecamatan Monitoring Teams (IMTs), including community leaders and NGOs, also monitor all projects. On a regular basis, these independent teams are consulted by the City Coordination Team to refine program guidelines.

At the kelurahan and RW levels, the Kelurahan Management Team, consisting of the kelurahan head (the Lurah) and treasurer, provides overall project supervision at the village level. Activities Unit Leaders are responsible for operational and administrative project supervision. The LPMK (Village Community Empowerment Institution or Lembaga Pemberdayaan Masyarakat Kelurahan), a directly-elected community body at the village level with members from RW and RT levels, represents the communities, leads projects and coordinates with the planning consultants, the Public Works Department, and other parties. 191 Local regulation No. 8/2000 formalized the LPMKs’ role as CBG Program implementers.

Research Questions And Methodology

The following hypotheses were tested during the fieldwork:

1. Community participation is a key and effective element of the CBG Program.
2. The CBG Program benefits poor communities.
3. The CBG Program is sustainable.
4. The LPMKs play an important role in the success of CBG projects.

190 Kecamatan and kelurahan governments are local extensions of the official bureaucracy and are responsive to higher levels of government. Prior to the move to local autonomy in Indonesia, bureaucrats serving at this level were civil servants, and were simply expected to implement programs based on national government priorities and directives. In contrast, the LPMKs, RW heads and RT heads are directly representative of local communities.

191 The LPMKs were formed by Presidential Decree No. 49/2001, which transformed the previously existing Lembaga Ketahanan Masyarakat Desa (Village Community Security Institutions).
Three researchers visited Blitar for eight days in late March and early April 2005, conducting semi-structured interviews with 61 people, including the Mayor, the heads of Bappeda and the Ministry of Public Works, DPRD members, one Camat together with 7 Lurah, and one planning consultant. Five focus group discussions were held with the Lurah, RT and RW heads, kecamatan and kelurahan office staff, poor families, community activists, current and former LPMK members, project beneficiaries, and 8 members of a local NGO, FORMAK. The team also observed three public meetings including over 100 people (a joint meeting of the Independent Kecamatan Monitoring Teams, one Musrenbang and one pre-Musrenbang in Kelurahan Kepanjen Kidul).

*Kelurahan Sukorejo in kecamatan Sukorejo and kelurahan Ngadirejo in kecamatan Kepanjen Kidul were selected for field visits either because program implementation has been deemed successful there, or because there has been high public participation.*

### Findings

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Current Mayor elected and began a two-year “aspirations gathering” process that led to the CBG Program.</td>
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<tr>
<td>2001</td>
<td>Discussion of CBG Program began.</td>
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<td>2002</td>
<td>Blitar CBG Program begun.</td>
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<td>2003</td>
<td>Addition of a new criterion for project selection: number of poor beneficiaries.</td>
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<tr>
<td>2004</td>
<td>Independent Monitoring Teams created.</td>
</tr>
<tr>
<td>2005</td>
<td>City government mandated that only 60% of CBG projects focus on infrastructure.</td>
</tr>
<tr>
<td>2005</td>
<td>City government required that 13% of CBG funds be spent on slum infrastructure.</td>
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<tr>
<td></td>
<td>100% of CBG projects focused on infrastructure.</td>
</tr>
<tr>
<td></td>
<td>17% of Program budget contributed by communities.</td>
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<tr>
<td></td>
<td>89% of CBG projects focused on infrastructure.</td>
</tr>
<tr>
<td></td>
<td>78% of CBG projects focused on infrastructure.</td>
</tr>
<tr>
<td></td>
<td>22% of Program budget contributed by communities.</td>
</tr>
</tbody>
</table>

### Is Community Participation A Key And Effective Element Of The CBG Program?

Yes. Communities are very involved in the process of project selection, though city government makes the final choice. Communities in all 20 of Blitar’s *kelurahan* have been involved in implementation to some degree since the program began in 2002. Projects are proposed by community members and prioritized in a process linked to the annual city-led series of meetings called *Musrenbang*. *Musrenbang*, started in 1982, are held from the urban village (*kelurahan*) to the national level. Their purpose is to elicit citizen input into development and budget planning. In practice, however, meeting attendees are usually selected by government, rarely include the poor, and are expected simply to approve proposals as put forth by government, reflecting the priorities of local leaders and other local elite rather than villagers. Debate between community members and government in the meetings is unusual. In sum, in most places in Indonesia, *Musrenbang* are not yet as participatory as was originally intended. The *Musrenbang*
in Blitar observed by the research team was quite different. First, it was attended by most citizens, including a significant number of poor people. Second, people actually spoke up, proposing development activities for their neighborhoods and even sometimes contesting proposals put forth by other neighborhoods.

Blitar is also unusual for its "pre-Musrenbang," essentially a Musrenbang but at RW level. These pre-Musrenbang are suggested by government throughout Indonesia but rarely implemented, because they are time-consuming and very costly to implement over a large area. In Blitar, local government encourages active participation of attendees through pre-Musrenbang.

Meeting local needs. In 2004 in Kelurahan Kepanjen Kidul, for instance, the 14 RW made a total of 106 proposals, of which 28 were approved (27 percent of proposed projects).

At both RW and kelurahan levels, debate is intense as people fight for their proposals, only a subset of which will be brought to the next (kelurahan, and then kecamatan) level. At the kelurahan level, all RW and RT heads are invited to present the rationale for their proposals. The group as a whole chooses which projects to shortlist; the Lurah (kelurahan head) only facilitates the process. Although the final choice of projects to fund is still ultimately made by the Camat and Bappeda at kabupaten level, this iterative and participatory process ensures that all projects selected are based on community input and needs, since the final list derives from proposals initially put forward at the pre-Musrenbang and in meetings at the RT and RW levels.

Local input into project choice

<table>
<thead>
<tr>
<th>Activity</th>
<th>Participants</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>RT meeting</td>
<td>15-20 participants from each RT</td>
<td>RT project proposals</td>
</tr>
<tr>
<td>RW meeting (pre-Musrenbang)</td>
<td>30 participants from RT level (representatives of women's and youth organizations, religious leaders); kelurahan staff; LPMK</td>
<td>RW project proposals</td>
</tr>
<tr>
<td>Musrenbang (at kelurahan level)</td>
<td>50 participants: RW representatives, LPMK, Lurah, Camat</td>
<td>Kecamatan project proposals</td>
</tr>
<tr>
<td>Lurah, Camat</td>
<td>Kelurahan project proposals</td>
<td></td>
</tr>
<tr>
<td>Musrenbang (at kecamatan level)</td>
<td>50-60 participants: Camat and kecamatan office staff, Lurah and kelurahan staff, LPMK</td>
<td>Kecamatan project proposals</td>
</tr>
<tr>
<td>Block grant announcements</td>
<td>Bappeda, decided by Camat with kabupaten team and LPMK</td>
<td>List of funded projects</td>
</tr>
</tbody>
</table>

Effective community participation has resulted in newly empowered local communities. Now that villagers have seen projects pass from proposals into reality, they are learning that they can effectively participate in local governance, and see that government can serve their needs. Villagers are more curious about the role of government in service provision. As one local woman told researchers, “Yes, there has been a change among people—now we don’t doubt ourselves; we are not afraid to ask the government questions.” Villagers attend CBG meetings, reflecting their belief that their attendance can make a difference. Attendance at the initial RT and RW meetings had “people

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192 Dharmawan (June 2005).
flowing out through the door, and many sitting outside.” The response to the question of whether community members considered these projects “their own” was overwhelmingly affirmative.

Creation of Independent Monitoring Teams has allowed higher-level community participation. In 2004, in order to address criticisms and respond to recommendations, the Mayor created Independent Monitoring Teams, effectively a mechanism to channel negative comments into productive recommendations, allowing activists and prominent community members to participate.

**What makes Blitar CBG projects different?**

- “We know exactly what programs are being implemented.”
- “It is we who implement the program.”
- “In the previous social safety net program, we only received, but with CBG, we feel ownership. Even though we don’t always provide money, we provide decent meals and also labor.”
- “In previous [government] programs, they just came and executed the project; we were never consulted.”
- “Before, all physical projects were managed by the Public Works Department, so communities did not care. Now they [communities] do the projects by themselves, hence they want to participate.”

Financial and in-kind contributions are a proxy for community ownership and participation. About 17 percent of the 2002 CBG Program budget was contributed by communities, dipping in 2003 to 13 percent but rising again to 22 percent in 2004. Some communities have increased their contributions as a way of expanding project scale to cover larger areas. In-kind contributions such as labor, meals and cigarettes for workers, donation of local materials, and even voluntary contributions of land are another important part of community involvement, and sometimes represent 5 to 10 percent of total project value.

Communities pay for greater impact. In 2003, Kelurahan Kepanjen Kidul received Rp. 18 million (US$1,900) from the CBG Program to build a 150 m long domestic sewerage system. Before, there had been no sewerage in the area, hence people had to “dig the ground.” During implementation, 30 more households asked to be included in the project. Citizens arranged a meeting with the LPMK at which it was decided to extend the system by 25 meters to these new households. To finance the addition, citizens contributed an extra Rp. 2.5 million (US$260); contributions varied from Rp. 10,000 or US$1 (for poor families) to Rp. 400,000 or US$40 (for well-off families).

The projects funded reflect communities’ preference for infrastructure over training. Most CBG Program funds have been spent on infrastructure or “physical projects,” including renovation and/or construction of government offices, mosques, drainage ditches, roads, walkways, embankments, kindergartens, primary schools, public toilets, cemetery gates, health clinics, security posts, meeting halls, women’s group buildings, small bridges, and housing for the poor, as well as provision of garbage bins and equipment for kindergartens, community sports, mosques and churches. Prior to the CBG program, communities stated that small infrastructure projects were seldom implemented, and when

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193 Musrenbang.
194 Focus group discussion with Kepanjen Kidul Camat and 7 Lurah.
195 In some cases, villagers have contributed small strips of land along their plots to irrigation or road projects which benefit all families in the project area. Previously there would have been a sense of resentment if the government had claimed land for projects about which the community had not been consulted. Furthermore, no coercion was reported.
196 Head of the Public Works Department.
197 Kelurahan Kepanjen Kidul interview.
done, were not based on any kind of consultative process at the local level. Rather, “every now and then they would just come in and build something, we didn’t know why.”

In the first year of program implementation (2002), 100 percent of funded projects focused on infrastructure. The percentage decreased to 89 in 2003 and again to 78 in 2004, with the remainder of program funds devoted to projects such as driver training and subsidies to purchase driver’s licenses, and training in sewing and silk-screening. Starting in 2005, city government has mandated that no more than 60 percent of CBG Program funds go toward infrastructure projects (with a few exceptions, such as housing for the poor). The decreasing percentage of infrastructure projects funded reflects not only city government’s encouragement of this trend, but (according to some officials) a growing realization on the part of local people and local government that activities such as training are a more productive use of program funds in the long run than infrastructure. Interestingly, in the first year, funds could be used for renovation of local government buildings. This practice stopped in subsequent years, since these projects didn’t directly benefit the community. However, the Mayor felt that, originally, the program was most importantly a learning experience for local officials, to change their mindset from “those who are served” to “those who serve.” Allowing local government officials real control over funds helped them learn how to use resources to benefit the communities, as well as how to manage the overall planning and implementation process.

Community participation does not extend to the budget or monitoring. The Camat is responsible for receiving project funds from the city and disbursing them to the LPMKs for implementation. Local people are generally unaware of budgetary issues, such as how much projects cost, or whether the LPMK spends the full allocation: “Our opinions are asked, but…[w]e don’t know how much funding is finally provided for projects in our own villages,” stated one respondent; another commented, “Now we know how much money our village receives [for CBG projects]. But no [financial] data are available at the end of the project.” LPMK members and villagers reported that no one is yet asking LPMKs to account for project expenditures. This creates an incentive for LPMKs either to save or to skimp on quality, and pocket the difference. Some LPMK members admitted keeping the difference, but said that they used the remaining funds for their LPMK expenses or for other projects. Some villagers are beginning to think about this; one man suggested, “It would be good if they would post the budget on the building, so that we would know.”

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198 One woman respondent in Kelurahan Ngadirejo.
199 Hidayat (2005).
200 Focus group discussions in Sukorejo and the Mayor’s presentation on the Blitar CBG. Posyandu rehabilitation, providing equipment for mosques and churches, and slum housing renovation are categorized as non-physical.
201 Focus group discussions with poor households in kelurahan Sukorejo and Ngadirejo.
Does The CBG Program Benefit Poor Communities?

Despite the fact that the poor are not a target group of the Blitar CBG Program, there has been a pro-poor funding bias in two of the three kecamatan. Over the three years of program implementation to date, per capita CBG Program funding in Kepanjen Kidul and Sananwejan kecamatan has been higher in the poorer kelurahan (see figures 1-3). This reflects the fact that one of the five project selection criteria is number of poor people as a percent of total beneficiaries. 202 (There are insufficient data to explain why this trend is not observed in Sukorejo.) However, the available data do not show whether higher per capita spending in poorer villages has, in fact, benefited the poor. Some of the projects most likely to be pro-poor (targeted training for income generation activities, for example) have low per capita costs, while some of the projects least likely to be pro-poor (such as office renovation) have high per capita costs, so there is not necessarily a correlation between per capita spending and benefits. That is, a higher per capita expenditure in poorer urban villages will not necessarily lead to a reduction in poverty there.

Figures 1-3: CBG spending and poverty, 2002-2004

202 Phone interview with Kepanjen Kidul Camat.
Of all CBG projects, funding for slum housing renovation has provided the most direct benefits to the poor. Until 2005, city government only encouraged kecamatan to spend money on slum housing. Clear benefits to the poor of pilot projects in slum renovation have, however, caused the city to require that Rp. 200 million (US$21,000) of each kecamatan’s CBG funds be used on slum renovation projects from 2005 on.

There are no data available to demonstrate that the employment created by CBG infrastructure projects has substantially benefited the poor. Since projects are implemented locally and, according to CBG Program Guidelines, contractors are not allowed to work on projects amounting to less than Rp. 50 million (US$5,300), most if not all of the CBG infrastructure projects are a source of temporary local employment. However, as most villagers can provide only unskilled labor, the higher-paid skilled jobs are still unavailable to them.

Is The CBG Program Sustainable?
Yes. Technically, institutionally, financially, and socially, the Blitar CBG Program appears to be sustainable. Technically, communities feel that implementation of the CBG infrastructure projects has been more efficient than previous government-led projects, with higher project quality and more appropriate project selection. The head of the Public Works Department agrees: the small-scale CBG projects (usually less than Rp. 50 million) have simple designs, allowing communities to implement them easily. Although some technical problems are still difficult for the LPMK and communities to solve, such as the accurate calculation of materials needs and construction design, with the help of program planning consultants and the Public Works Department they can now handle some of those tasks. Communities are now also able to manage project budgets and materials better, so that estimated project costs submitted during the pre-Musrenbang are more accurate, and thus allocated funds are more likely to adequately cover real project expenditures. Increased community ownership also affects project sustainability. As one woman in Kelurahan Ngadirejo explained, “Before, the irrigation canal along our paddies [built by the Public Works Department] was often broken. Now, we are more careful as it is our own village.”
Institutionally, the CBG Program is likely to be sustainable in part because of its integration with the formal *Musrenbang* process, which requires cooperation between kecamatan and kelurahan officials and community bodies (the LPMKs, and RW and RT heads), and avoids the creation of new and redundant institutions.

In addition, the program’s success has reduced resistance against it within government, while increasing the capacity of local government officials to respond to locally voiced needs. When CBG discussions started in early 2001, the Mayor and other reformers were faced with the need to change the mindset of bureaucrats, as the Mayor describes it, from “that of being served, to that of those who serve.” The Mayor views the CBG Program as an opportunity for local government to exercise its new autonomy. The mindsets of officials at the kecamatan and kelurahan levels are beginning to change, as officials gain experience with managing and implementing projects which respond to needs and priorities as stated by communities themselves. CBG has served as a “pilot” to encourage local government officials to develop their organizational and administrative capacities in the new era of decentralization and autonomy. The organizational and technical capacity of the RW, RT, LPMK, Lurah and Camat are increasing as all parties gain experience through the program. The head of Bappeda says, “Camat can now facilitate better development planning as they lead *Musrenbang* in their own areas. It is better because they can now link the kecamatan’s plan with the district Renstra (Rencana Strategi or [usually five-year] strategic plan).” Camat, Lurah, LPMKs and RW and RT heads are also gaining experience in controlling funds to implement their own projects rather than spending transfers for centrally-mandated activities from the national or provincial level.

### CBG Program spending, 2002-2005

<table>
<thead>
<tr>
<th></th>
<th>Total Cbg Budget (Billion Rp.)</th>
<th>% Community Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2002</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kecamatan Sukorejo</td>
<td>1.03</td>
<td>3%</td>
</tr>
<tr>
<td>Kecamatan Kepanjen Kidul</td>
<td>1.23</td>
<td>19%</td>
</tr>
<tr>
<td>Kecamatan Sananwetan</td>
<td>1.36</td>
<td>27%</td>
</tr>
<tr>
<td>Total</td>
<td>3.62</td>
<td>17%</td>
</tr>
<tr>
<td><strong>2003</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kecamatan Sukorejo</td>
<td>1.38</td>
<td>4%</td>
</tr>
<tr>
<td>Kecamatan Kepanjen Kidul</td>
<td>1.65</td>
<td>12%</td>
</tr>
<tr>
<td>Kecamatan Sananwetan</td>
<td>1.87</td>
<td>21%</td>
</tr>
<tr>
<td>Total</td>
<td>4.90</td>
<td>13%</td>
</tr>
<tr>
<td><strong>2004</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kecamatan Sukorejo</td>
<td>1.62</td>
<td>7%</td>
</tr>
<tr>
<td>Kecamatan Kepanjen Kidul</td>
<td>1.93</td>
<td>14%</td>
</tr>
<tr>
<td>Kecamatan Sananwetan</td>
<td>2.58</td>
<td>38%</td>
</tr>
<tr>
<td>Total</td>
<td>6.14</td>
<td>22%</td>
</tr>
<tr>
<td><strong>2005</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kecamatan Sukorejo</td>
<td>1.50 209</td>
<td>n/a</td>
</tr>
</tbody>
</table>

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208 General Guidelines; interview with Bappeda head; kecamatan Sukorejo.
209 Including Rp. 200 million per kecamatan for slum housing renovation; not including community contributions as they have not yet been fixed.
The Community Block Grant Program

In Blitar City, East Java

<table>
<thead>
<tr>
<th>2002</th>
<th>Total Cbg Budget (Billion Rp.)</th>
<th>% Community Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kecamatan Kepanjen Kidul</td>
<td>1.50</td>
<td>n/a</td>
</tr>
<tr>
<td>Kecamatan Sananwetan</td>
<td>1.50</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>4.50</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Some government departments initially felt that the program would infringe upon their areas of responsibility. For example, members of the Public Works Department were worried that CBG funding for small-scale infrastructure projects would limit their control of those projects. Also, contractors who had previously won contracts for these projects were initially extremely unhappy. As the program has progressed, however, both groups have realized that these small projects are less efficient for their organizations, taking up relatively greater time and management energy and providing relatively smaller profit margins. The Public Works Department has “realized that it is more efficient for communities to implement these small projects,” allowing it to focus on larger and more strategic initiatives such as a city market and large-scale irrigation. Other government officials speak approvingly of the program’s community participation: “Some improvements I see in the CBG Program: it gathers people’s aspirations at the RW level, and makes them into priorities for project proposals.”

Financially, the program is very low-cost despite annual increases in CBG funding. It is funded by the APBD (district revenue and expenditures budget), of which DAU (Dana Alokasi Umum, or central government transfers) constitute about 70 percent. The CBG Program costs less than 2 percent of the total city budget annually. Since wider yet related bureaucratic reforms have increased local revenues, leading to a 20 percent increase in the APBD budget from 2002 to 2004, and since the program accounts for such a small amount of the budget, neither executive officials nor DPRD members see the program as a major budgetary burden.

The program is also sustainable from a social point of view, since a high level of community involvement in the program, mainly during planning and implementation, as well as increasing community contributions to project cost, both in money and in kind, demonstrate communities’ feeling of ownership and commitment to the program. The Mayor’s willingness to let communities “make mistakes” in project implementation makes program sustainability more likely. The mixture of project types is shifting. The Mayor has said, “One big challenge so far is that communities are interested in ‘instant’ projects which they feel are easier to implement; that’s why they choose [mainly] infrastructure projects.” But he feels that allowing communities and local governments to discover on their own that infrastructure projects are not the most productive use of CBG resources is important for their “social learning.”

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210 Head of Public Works Department.
211 Representatives of PDIP Party and PKB Party; DPRD Secretary.
212 APBD 2004.
213 2002 APBD was Rp. 316.5 billion, 2003 APBD Rp. 344.0 billion, and 2004 APBD Rp. 382.6 billion. Ministry of Finance (www.depkeu.go.id).
214 DPRD member.
215 Interview with the Mayor.
move forward.” Other government officials are not convinced that “social learning” is worth the potential waste of resources. According to the Sukorejo Camat, for instance, sometimes it is hard for communities to distinguish their “wants” from their “needs,” so he welcomes the new program regulation that 40 percent of program funds be spent on non-infrastructure projects. However, it is more likely that communities will accept regulations when they have had a chance to learn how the money can be spent more effectively, and will continue to participate in the process rather than feel resentment or become disengaged.

The only threat to the sustainability of the Blitar CBG Program seems to be its insecure legal grounds. The Program is regulated by a Surat Keputusan Walikota (Mayor’s Decision), rather than a Local Regulation/PERDA, which means that it is legally possible for a new mayor to cancel it. However, this would be a very politically risky move, given the program’s popularity.

Do The Lpmks Play An Important Role In The Success Of CBG Projects?

Local NGOs can play an important role in LPMK oversight. The Kepanjen Kidul LPMK had a reputation for poor performance and corruption. It had “marked up” many CBG projects, such as a public toilet project which cost only Rp. 7 million but was reported as Rp. 15 million. As a result, fewer toilets were built for the money allocated. In response, FORMAK (the Anti-Corruption Forum), an NGO whose members live in Kepanjen Kidul, mobilized the community to remove all LPMK members in the upcoming election. The NGO effort succeeded, and all-new LPMK members were chosen by the communities themselves in 2004.216

Anecdotal evidence suggests that the LPMKs play an important role in mobilizing communities for participation in the program. Sub-district leaders, when pressed, judged that 45 percent of the kelurahan-level LPMKs are very effective, with the remainder average or less effective.217 Key characteristics of effective LPMKs include the ability to translate communities’ aspirations and needs into concrete project proposals, coordinate with government departments to gather resources and assistance, and generate community participation. Members of effective LPMKs tend to be respected people, not only in terms of age, but in terms of their community roles. Members of less effective LPMKs, in contrast, are characterized by their passivity and self-interest. “One of the barriers to faster project implementation is the poor communication between some LPMKs and their communities,” stated one of the program’s technical consultants. However, there are no data as yet that demonstrate a link between the effectiveness of an LPMK and the success of the CBG projects implemented in that LPMK’s kelurahan.

Ironically, the LPMKs’ active role in the CBG Program may be to the detriment of their work in other areas. Each LPMK has 9 units covering such areas as security and order, local economic development, the environment, women’s empowerment, and community welfare. The work of many of these units may have been slowed or stopped as a result of the LPMKs’ focus on the CBG program.

216 FORMAK, head of Bappeda, head of the Public Works Department.
217 5 out of 7 LPMKs in Kecamatan Kepanjen Kidul, 2 out of 7 in Sananwetan, and 2 out of 6 in Sukorejo.
Success Factors

Program planning consultants have been fairly effective in assisting communities with project implementation and increasing their technical capacity. The city government pays for planning consultants to assist with the CBG Program. Most community members acknowledge that planning consultants have been very helpful in assisting them with proposal design, particularly for estimates of budget, labor and material requirements. Yet since planning consultants come in just prior to the implementation phase (which is after projects have been decided upon and money allocated), their involvement has been associated with “mistakes,” and not everyone agrees with the need for them; some people are concerned about their cost, and others feel their skills are already available among regular community members. Planning consultants’ assistance may also be more effective if used earlier, during the project nomination, prioritization, and selection stages. Otherwise, community-developed project budget estimates are likely to vary from the actual costs of implementation, with discrepancies leading to reduced project volume if costs had been underestimated.

Program implementation has been integrated with the Musrenbang process and the local LPMKs. The CBG Program was envisioned from the start as an excellent opportunity to exercise newly granted local autonomy, providing opportunities for local government (especially at the kecamatan and kelurahan levels) to learn how to think strategically and integrate local-level into higher-level planning (such as the Renstra). Indeed, local administrative and managerial capacity has increased. Since the Mayor recognized the value of using existing community-based structures such as the LPMK to implement the program, local bureaucrats at the kecamatan and kelurahan levels and locally-elected community representatives are also learning how to collaborate.

The program’s flexible design has allowed improvements to be made in project implementation, monitoring and funding. The annual revision of Program Guidelines allowed the addition, in 2003, of a new criterion for project selection: number of poor people who benefit. This new criterion (which was suggested at a forum of the LPMK) was likely responsible for the pro-poor bias of program funding, and as such can be considered an improvement. Other changes such as the introduction of independent kecamatan-level monitoring teams in 2004, and the 2005 requirement that 13 percent of CBG funds be spent on slum housing renovation, increase community willingness to participate in and contribute to the program, further strengthening program sustainability.

The vision, leadership, and belief in participation and “social learning” of the Mayor and a key group of reformers built a pro-participation foundation leading to the CBG Program. Before the CBG Program was ever implemented, all the LPMKs in Blitar had been selected by ballot, rather than appointed from above as is sometimes the case elsewhere in Indonesia, and pre-Musrenbang were already being held, because city government felt it was important to solicit people’s input. Thus, the environment was ripe for a participatory community development program.

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218 Interview with City Mayor, head of Bappeda, and Kepanjen Kidul Camat.
In 1999 a group of five high-level Blitar officials together with four city legislators began working together to develop a five-year strategic plan (Renstra) for the city to take advantage of newly granted local autonomy. The following year, a former professor of public administration was elected mayor and took office determined to implement the plan. Reforms such as the promotion of bright young government employees to the position of Camat were undertaken at once. Between 2000 and 2002, an “aspirations gathering” (jaring asmara) process was carried out by the Mayor and others through which newly-elected local government officials worked to understand local wants and needs. In 2001, discussions began about the creation of a block grant program to empower local government and communities, in line with the nationwide effort to fund small community projects. The program, intended as a pilot, was initiated and developed by Blitar city government without international or NGO assistance, in contrast to the block grant programs of many other districts in Indonesia.219

The Mayor was very aware of the many hurdles that the CBG Program would have to overcome: bureaucrats unused to taking the initiative and to a bottom-up approach; low community trust in government; low capacity of the Camat to manage CBG projects; the potential for tension between government departments; and the possibility that community proposals would tend more toward “wants” than “needs.” His ability to see these hurdles as a normal and indeed useful learning process strengthened the program’s participatory approach. The Mayor viewed the CBG program not only as a direct benefit to communities—the “public reason” for the program—but also as the most effective way to allow local bureaucrats to gain experience exercising a new mindset as public servants, rather than entitled officials, in the spirit of the era of decentralization and increased local autonomy in Indonesia.

Decentralization and national-level support and funding for local government autonomy laid the groundwork necessary for a community participation-focused program such as CBG. DAU transfers from the central government have largely paid for the CBG Program.

Limiting Factors

The success of the program’s community participation depends on community cohesion, which tends to be weaker in more urbanized areas. Sukorejo is the most urbanized of Blitar’s sub-districts; many of its workers are traders, civil servants, or in the service industry. Communities there are also quite heterogeneous. These two factors may work against community cohesiveness, and hence participation.220 Indeed, Sukorejo had the lowest percentage of community contributions to the program of all three kecamatan.

Neither the LPMKs nor the Independent Monitoring Teams are accountable. The LPMKs’ role as project implementers compromises their position as project monitors. This dual role has drawn some criticism, in particular from the newly created Independent Monitoring Teams. LPMKs are seen as unlikely to be objective in monitoring since they are part of the program implementation structure; meanwhile, there is no formal mechanism for monitoring and evaluating the LPMKs themselves, leaving open opportunities for corruption. Even though communities in

219 Interview with City Mayor; Blitar City’s Government Bureaucratic Reform Book (2004).
220 Sukorejo Camat.
extreme cases are able to remove LPMK members, no report or evaluation is ever fed back to them. Communities are also not yet demanding LPMK transparency in accounting for funds received and spent on project costs.

The Independent Monitoring Teams created to strengthen program monitoring do not have the authority to impose sanctions on LPMKs if corruption-related problems are found. They can only report their findings to the Camat. The Independent Teams are also regularly consulted by Bappeda for guideline revisions. However, what the Camat and Bappeda actually do with team findings is not clear. Many Independent Monitoring Team members are former LPMK heads, or private contractors and NGO staff who had previously received government funding for small-scale projects and, as a result of the CBG Program’s emphasis on community implementation, may have lost some business. This further reduces the accountability of both the teams and the LPMKs, although at the same time may increase the credibility of the IMT recommendations.

The exclusion of planning consultants from project planning sometimes leads to clashes with communities. The role of the planning consultants is to provide technical assistance in implementation, so they do not participate in nominating and prioritizing projects. One of the consequences of their absence during this phase is that frequently community budget estimates are unrealistically low. When budget calculations made by the planning consultants for approved projects end up higher, the usual government reaction is to reduce the scale of the projects, which can be a source of contention at the community level.

Lack of budget transparency reduces project ownership. Although project budgets are available at the Camat offices, they are not posted at work sites or otherwise disseminated. Villagers’ knowledge about budget information is virtually non-existent despite their general interest in monitoring LPMK spending. Neither LPMKs nor villagers reported a community interest in examining project budgets. However, this may be changing; after one community meeting, a local man pulled aside a researcher and whispered, “It would be good if they could display the budget at the project site.”

Limited community understanding about final project choice. As mentioned earlier, the community role in project selection is largely limited to proposing projects. Prioritization occurs at higher-level meetings (kelurahan level) which are attended primarily by the more active community members such as RT and RW heads, NGO and Independent Monitoring team members, and current and former LPMK members. It is assumed that RW and RT heads as well as LPMK members function as the “voice” of citizens in their area, are accountable to them, and meet with them often. However, villagers are still uncertain about which projects will be funded because final allocations are only done through negotiations at the Camat and Bappeda level.

Making It Replicable
Incorporate local NGOs into program monitoring to help ensure accountability and transparency. Monitoring by local NGOs may improve transparency and accountability. Many independent monitoring teams draw from NGOs and community leaders, and the government listens to them, but there is a risk of conflict of interest. Inviting NGOs...
to take on the role of independent monitors outside the program hierarchy might help to ensure they are fully able to report instances of corruption and research community opinion in a less-biased way.

**Ensure that key players are playing the most effective roles possible in program implementation.** There is much disagreement about the effectiveness of the roles of various actors, in particular the LPMK, the Independent Monitoring Teams, and the planning consultants. Much debate concerns the roles of the LPMKs, RW and RT in monitoring and implementation. LPMKs do most implementation; however, some believe that RW and RT teams would be more appropriate in a project implementation role, further strengthening local capacity and improving the efficiency of implementation. In this vision, the LPMKs would monitor the RW and RT project teams. In some instances this is already occurring, but in 2005 LMPKs were still implementing most projects, with little accountability to the community, local kelurahan or kecamatan officials, or IMTs.

The Independent Monitoring Teams focus on the LPMKs, but are powerless to issue sanctions if misdeeds are uncovered. Formalizing IMT oversight of the LPMKs through addition of an audit function, for example, would provide a mechanism for accountability and transparency.

Finally, some communities would like planning consultants to be brought in at the planning stage, but program management fears this would be too expensive. Government should re-examine the roles of the key players and especially communities' expectations of each.

**Data collection must be done regularly and carefully to maximize the positive impact of adjustments to program design.** As with many projects, data collection on the CBG Program appears to be inadequate to demonstrate project impact, and thus inadequate to serve as a sound basis for program improvements. If, for example, one goal of the program is to increase community participation in development activities, then regular program monitoring should include data collection about what types of groups (women, the poor, the elderly, children, small business owners, local elite, et cetera) are participating, at what stages (proposal, planning, selection, implementation, funding, monitoring, managing), where (from more urban areas, from more rural areas), how (speaking in meetings, speaking to local officials, attending meetings), and how often (once, regularly, at night, et cetera). Only accurate and well-analyzed data on topics relevant to program goals will be successful in revising program design for greater effectiveness.
Case Study 8: Participatory Planning In Maros District, South Sulawesi
Abstract

From 2001 to 2005, the United States Agency for International Development (USAID) implemented the Perform (Performance-Oriented Regional Management) project to assist 80 district governments in Indonesia with participatory planning for multi-year district investment plans. Forum Warga, a local civil society organization, was Perform’s local partner in Maros district, South Sulawesi province. In 2002, Forum Warga and Perform staff began a Program of Participatory Development (PDPP) aimed at increasing villager participation in planning. In 2003, they successfully lobbied for passage of a law requiring participatory planning in Maros. As of the writing of this report, just 20 of Maros’ villages (only 19 percent) have completed participatory 5-year village plans under PDPP. In some of these villages, the new planning process has indeed involved more people than did the traditional planning processes. However, in two villages visited by the team, villager awareness of and involvement in the PDPP process was nil. Even in villages where participation has increased, women’s participation has still been limited, despite efforts to the contrary. And nowhere are villagers involved in budgeting. One of the objectives of PDPP was to ensure that village plans influence district budget allocation. In 2004, the district planned to support just 38 percent of village proposals (calculated by Rp. amount), but in the end more than doubled its support to 67 percent of total requests. However, this was due to advocacy by Forum Warga rather than to PDPP itself. Due to the lack of data, it is impossible to say whether there has been a change in type or amount of village budget allocations over time, though in one village PDPP was confirmed to have helped secure funding for two proposals where, prior to PDPP, no village proposals had ever been funded. Despite minor successes, then, villagers are still pessimistic about their impact on district plans and budgets, and continue to lobby government officials directly as the most effective way to get funding. It is unknown how many village plans are actually being used in district planning and budgeting. Forum Warga asserts that about two-thirds of PDPP village heads are using the 5-year plans as a basis for village-level annual planning, though. The financial sustainability of participatory planning in Maros is uncertain, due both to lack of data and limited financial commitments from the district, but financial hardship does not appear to be a factor. PDPP implementation has depended heavily on the involvement of the main local champion, Forum Warga, whose limitations reduce the chances of institutional sustainability. Finally, limited villager involvement in PDPP may reduce chances for social sustainability of participatory planning.
**Introduction**

As part of its mandate to alleviate poverty in Indonesia, the World Bank is undertaking analysis regarding “Making Services Work For the Poor.” This work aims to promote better services, especially for poor and disadvantaged people. The case studies were chosen through a competitive outreach process managed by the World Bank from among the many innovative practices seen in much of Indonesian local government in recent years. Donors, non-governmental organizations, and local government staff were contacted and encouraged to submit proposals regarding innovative pro-poor service delivery work that they either were undertaking or knew about. Maros’ reforms in promoting citizen participation in planning touch upon a key theme central to making services more pro-poor: enhanced client power.

**The Study Site: Maros District**

In 2001, Maros district had a population of 278,300, living in 14 sub-districts. Located in the western part of South Sulawesi province, Maros is about 30 kilometers north of the provincial capital, Makassar. The district’s 2004 poverty rate was just under 21 percent, higher than the 2004 national rate of nearly 17 percent. Agriculture is the main economic activity. There are many ethnic groups in Maros, but the Buginese and Makasarese comprise the majority.

**The Perform Project And Forum Warga**

From 2001 to 2005, the United States Agency for International Development (USAID) implemented the “Perform” (Performance-Orientated Regional Management) project to use “participatory planning to assist 80 local [district] governments in the creation of multi-year investment programs.” One of these districts was Maros.

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**Perform project strategies:**

1. Improving the quality of local fiscal policies by providing technical assistance to the Ministry of Finance;  
2. Improving the quality of local administrative policies by providing technical assistance to the Ministry of Home Affairs; and  
3. Improving the quality of local planning policies.

At the local level, the Perform project focused on providing villages, districts, and civil society organization partners with technical assistance (mainly training and facilitation) in participatory planning methods for the preparation of medium-term investment plans linked to district budgets. Before providing assistance, Perform required interested local governments to commit to fully involving stakeholders in the planning process and to allocating sufficient funds for project implementation.

Forum Warga (FWSM, or Salewangang Maros in the local language, meaning “prosperous Maros”) was Perform’s local partner in Maros.\(^{221}\) Forum Warga is a consortium of NGOs, citizens, and local informal leaders. Its vision is to make Maros a “prosperous community” through greater community participation by:

1. Institutionalizing citizen participation in policy-making;

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\(^{221}\) Forum Warga members state that they founded their group independently. However, Perform staff played a key role in helping the group develop by, for example, helping them organize meetings and work with district government officials.
2. Helping to ensure the approval of village proposals during district planning and budgeting; and
3. Encouraging the executive and legislative bodies to take citizen’s voices into account.

Forum Warga is supported by financial donations from two-thirds of the district’s 55 civil society organizations as well as by in-kind donations from community members.²²²

In 2002, Perform and Forum Warga began a Program of Participatory Development (Program Dasar Pembangunan Partisipatif or PDPP) aimed at increasing villager participation in planning. District and village facilitators trained by the project were to be responsible for:
• data collection;
• the creation of sub-village plans;
• the organization of village meetings in which village leaders and district facilitators would work with villagers to identify and prioritize their needs;
• production of five-year village development plans; and
• forwarding these plans to sub-district offices, the District Planning Board (Bappeda or Badan Perencanaan Pembangunan Daerah), and the District Parliament (DPRD or Dewan Perwakilan Rakyat).

The five-year plans were to be used by villages as a basis upon which to produce annual plans, by sub-districts at their annual planning meetings, and by Bappeda during its annual planning meetings to inform fund allocation.²²³ Each of Maros’ 14 sub-districts produces 20-25 project proposals, so 280-350 proposals must be considered during each district meeting. After the proposals are assessed for fit with line ministry proposals and the current district budget, meeting participants score each against five criteria: availability of market opportunities; job creation (lapangan kerja); sustainability; potential to increase villagers’ incomes; and urgency.²²⁴ Finally, Bappeda drafts a development plan and budget and sends it to DPRD, where it is discussed and legalized as part of the new year’s district budget (APBD, or Anggaran Pendapatan dan Belanja Daerah).²²⁵

The Law’s ten steps to participation.
1. Publicizing draft laws and plans.
2. Exposing communities to the draft laws.
3. Community organization.
5. Government feedback to communities.
7. Formal complaints by citizens.
8. Consideration of community comments by district parliament (DPRD).
9. Passage of the law by DPRD.

In 2003, Forum Warga and Perform staff successfully lobbied for passage of a law on participatory planning,²²⁶ though implementation arrangements for the law have not yet been passed. Under the law, Community Participatory-Based Regional Development Planning (P2DBPM/P2BM) (Perencanaan Pembangunan Daerah Berbasis Partisipasi Masyarakat/Perencanaan Pembangunan

²²² Forum Warga members and General Secretary.
²²³ Secretary of a sub-district leader.
²²⁴ PDPP manager, Bappeda.
²²⁵ PDPP manager in Bappeda and General Secretary of Forum Warga.
²²⁶ Law No. 13/2003 on Community Participatory-Based Regional Development Planning.
Berbasis Masyarakat) is now the required mechanism for development planning in Maros, though it complements rather than replaces previous planning mechanisms. The new law requires citizen involvement in short-, medium-, and long-term planning at village, sub-district, and district levels, in annual district budget creation, and in the formulation of policies in many areas including health, education, and the environment. The law also further requires full transparency and gives citizens the right to complain.

**Research Questions And Methodology**

The fieldwork tested three hypotheses:

- The new law and the Program of Participatory Development (PDPP) have increased citizens’ involvement in planning and budgeting.
- The new law and the Program of Participatory Development (PDPP) have not made district budgets or plans more reflective of citizen priorities.
- The impact of the new law and the Program of Participatory Development (PDPP) is unsustainable.

The research team spent 10 days visiting the district town, Maros, and 3 sub-districts: Mandai, Maros Baru, and Lau. In Mandai, the team visited Pattontongan and Hasanuddin villages; in Maros Baru, Mattirotasi village; and in Lau, Soreang village. PDPP has not yet been implemented in Soreang, but the other three villages visited were part of the first phase of PDPP. Focus group discussions and semi-structured interviews were carried out with 92 people, including 6 Forum Warga members, 2 Bappeda members, 3 DPRD members, 2 Perform staff, 1 sub-district head, 3 sub-district staff members, 3 village heads, 37 villages elites, and 35 villagers.

**Findings**

- Citizen consultations on a participatory planning law begun
- Participatory planning law drafted and passed by DPRD
- Forum Warga advocacy more than doubles district’s financial support for village proposals
- ESAID Perform project in Maros ended
- Maros government allocates Rp . 100 million to fund planning in an additional 20 villages
- Participatory village plans completed in 14 more villages
- USAID Perform project initiated nationwide
- Forum Warga and Perform staff begin the PDPP
- First Mattirotasi village proposal funded by district
- Participatory village plans completed in 6 villages
- Participation of decentralized law nationwide
- USAID “Perform” project initiated nationwide
- People’s Representative Council formed to impeach previous Bupati
- Implementation of decentralization law nationwide
- Maros government allocates Rp . 100 million to fund planning in an additional 20 villages
Have The New Law And The Program Of Participatory Development (PDPP) Increased Citizens’ Involvement In Planning And Budgeting?

Twenty of Maros’ 103 villages—just 19 percent—have completed participatory village plans under PDPP. With Perform’s assistance, six village plans were completed in 2003, and the district government funded and facilitated planning in 14 more villages in early 2005 (postponed from 2004 because of budget limitations). The district had a plan to expand PDPP activities to an additional 40 villages in 2005, later scaled down to 20 villages as a result of financial limitations. In the event, no training or participatory planning has yet been done in these 20 villages, and only 20 percent of the Rp. 100 million committed by the district for this process has yet been disbursed to the District Planning Agency (Bappeda).

In some of these twenty villages, the new planning process has involved more people and provided more time for participation than did the old planning practices. For example, in Mattirotasi village, most villagers were not only aware of the PDPP planning process but had participated in it. One villager stated that citizens are now more confident about speaking out. Others recalled that more people spoke up in PDPP planning meetings. The consensus was that both the quality of discussion in, and the level of satisfaction with, the process were high.227

Some PDPP villages had not even been holding old-style musbangdes meetings prior to the introduction of the new planning process; village heads themselves had been writing the proposals to submit to sub-district meetings. In these villages in particular, it is likely that PDPP has increased participation in planning.

<table>
<thead>
<tr>
<th>Type of participants</th>
<th>Old process (musbangdes or Musrenbang tingkat desa)</th>
<th>PDPP process (musrenbang desa partisipatif)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mostly elites</td>
<td>Elites, men and women, poor and rich, young and old, informal leaders</td>
</tr>
<tr>
<td>Number of participants</td>
<td>5-20 people</td>
<td>30-50 people</td>
</tr>
<tr>
<td>Time required</td>
<td>2 hours</td>
<td>2 days</td>
</tr>
<tr>
<td>Proposal makers</td>
<td>Individuals</td>
<td>Small groups</td>
</tr>
<tr>
<td>Discussants</td>
<td>Only elites speak</td>
<td>Facilitated process encourages all participants to speak up</td>
</tr>
<tr>
<td>Facilitators</td>
<td>Village head</td>
<td>District and village facilitators</td>
</tr>
<tr>
<td>Output</td>
<td>Annual Village Development Plan</td>
<td>Five-Year Village Mid-Term Plan</td>
</tr>
</tbody>
</table>

Source: Mattirotasi villagers.

However, in two villages visited, villager awareness of and involvement in the new planning process was nil. For example, in Hasanuddin village, very few villagers were even aware of PDPP. The (new) village head and his staff didn’t know whether PDPP planning had been conducted in their village in 2003 (though according to Perform, it had been), and the village facilitator had moved away. Village elites had no memory of PDPP, but took a dim view...
of the utility of their participation in even the old-style planning meetings (musbangdes), explaining that they were never given enough time to consult with villagers beforehand. Many perceived meetings to be “the same old thing” in which they would make proposals, but nothing would happen afterwards. One informal leader said, “I only have a 10 percent desire to come to this [year’s] meeting, as I’m afraid it will be a repetition of last year.”

In Pattontongan village, villagers and village leaders were also unaware of PDPP, though according to Perform, it had been implemented there as well. Here, villagers reported informal involvement in planning, however; they engage in informal discussions about their development problems, and then submit their ideas to the head of the neighborhood, who presents them at the musbangdes.

Even in villages where overall participation has increased, women’s participation has still been limited. PDPP required 30 percent female attendance at planning meetings. Female participation during the meetings was also reported to be somewhat forced; facilitators questioned women directly to ensure that they spoke up. While the attendance quota was usually met on the first of the two days of planning, the Forum Warga head estimates that only about half of those women showed up on the second day, citing their household work demands.

PDPP villagers are still not involved in budgeting. Either directly or indirectly, the research team found no evidence that the already limited villager involvement in planning extends to budget allocation at the district level.

Have The New Law And The Program Of Participatory Development (PDPP) Made District Budgets Or Plans More Reflective Of Citizen Priorities?

There was a large increase in planned district funding for 2004 village proposals. It is debatable to what degree this was the result of the new law and the PDPP, however. The direct cause of the increase was Forum Warga’s advocacy, but one of the Perform project aims includes successful advocacy by local groups for improved district budget processes.

At first, the district government agreed to fund just 38 percent of 2004 village proposals (calculated by Rp. amount). Forum Warga was very disappointed, and held a meeting with some DPRD and Bappeda members to discuss the situation, pointing out that some approved expenditures, such as car purchases for civil servants, were inappropriate, while support for legitimate development activities was insufficient. After three meetings, the number of village proposals funded was dramatically increased, to 67 percent (about Rp. 133 million) of the total request, representing 70 percent of the district’s entire annual development budget for both villages and district departments. At the same time, according to the Perform website, district proposals to buy vehicles, discretionary allocations for the Bupati (district head), and support for professional organizations were cut. Given the power of the departments, this was seen as a substantial accomplishment.

228 Article by local Perform manager in Berita Perencanaan Partisipatif (“Participatory Planning News”).
229 Estimates from head of economic and development sector in Bappeda (actual budget document was unavailable to the team) and the RAPBD (draft budget or Rancangan Anggaran Pendapatan dan Belanja Daerah that is formalized as the APBD).
Due to the lack of data, it is impossible to say whether there has been a change in the type or amount of village budget allocations over time. The biggest single concern identified by Mattirotasi villagers was that Bappeda has not rewarded their planning work with significantly different and/or bigger development grants. Neither Bappeda nor the Perform manager were able to supply any budget data at district or lower levels to substantiate or refute this assertion, though.

In Mattirotasi village, PDPP clearly helped in obtaining some district funding for a few village proposals. The village leader stated that prior to PDPP, village proposals had never been funded, whereas since then, two of their proposals have (after being amended):

- construction of paved roads in 2004. The village requested funding for 1,500 m in 3 hamlets, but the district funded just 150 m in one hamlet—the one with an elementary school.
- construction of toilets in 2005. The village requested toilets for each household but the district just funded public toilets.

### Mattirotasi Village Mid-term Plan 2003-2007

<table>
<thead>
<tr>
<th>Activities</th>
<th>2005</th>
<th>2006</th>
<th>Cost (Rp.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of community activities</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Mangrove plantation</td>
<td></td>
<td></td>
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<tr>
<td>Extension of irrigation channel</td>
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<tr>
<td>Completion of village head’s office</td>
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<td></td>
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<tr>
<td>Construction of concrete road from Kanjitonang to Bawalangi</td>
<td></td>
<td></td>
<td>750,000,000</td>
</tr>
<tr>
<td>Revolving funds</td>
<td></td>
<td></td>
<td>40,000,000</td>
</tr>
<tr>
<td>Training for shrimp chips production</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Construction of clean water tubs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction of toilets for each household</td>
<td></td>
<td></td>
<td>105,000,000</td>
</tr>
<tr>
<td>Construction of asphalt road in slum</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Construction of bridge</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Repairs for local road</td>
<td></td>
<td></td>
<td>700,000,000</td>
</tr>
<tr>
<td>Construction of concrete road from Kanjitonang to Bawalangi</td>
<td></td>
<td></td>
<td>750,000,000</td>
</tr>
</tbody>
</table>

Despite some successes, villagers are still pessimistic about their impact on district plans and budgets, and continue to lobby government directly as the most effective way to get funding. In the village where PDPP has apparently had its greatest impact, Mattirotasi villagers still describe feeling “hopeless and pessimistic” as the number of village proposals actually funded by the district remains low. Villagers said that lobbying government officers such as the Bupati and the head of Bappeda has been the key to achieving some of their goals, such as building a village office.

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230 According to the village head, this and other items in the table do not have costs because villagers were unable to estimate them.

231 Interviews with Mattirotasi villagers.
and village road.\textsuperscript{232} For example, they felt that funding for a road project was only forthcoming because they were able to directly request it from the Bupati during one of his monitoring visits.\textsuperscript{233} The head of Hasanuddin village has also sent proposals directly to the Bupati, as well as attempting to get the support of a relative of the Padangala hamlet head’s wife who is a member of the DPRD.\textsuperscript{234} Tellingly, Padangala hamlet has received funding for street lights, school renovation and path upgrading.\textsuperscript{235} Many villagers noted that “having a friend in the local parliament or planning agency” is the best way to get results.

It is unknown how many village plans are actually being used in district planning and budgeting.\textsuperscript{236} The Mattirotasi village head, for one, is certain that his village’s plan is being used by the district, as he has visited the district and seen that they actually have the plan and use it. On the other hand, in Hasanuddin nobody in the village could even locate the new mid-term plan that had supposedly been produced. In Pattontongan, a village facilitator did have a semi-completed five-year plan, but was unsure what to do with it. He reports asking the local Perform managers about it, but until now he hasn’t had a clear answer.\textsuperscript{237}

According to a Bappeda staff member who is also the local PDPP manager, Bappeda has all 20 completed village mid-term plans, yet the local Perform manager has borrowed them all and was either unwilling or unable to show them to the research team.

Despite the apparent lack of impact at district level, Forum Warga leaders state that about two-thirds of PDPP village heads are using the 5-year village plans as a basis for village-level annual planning.\textsuperscript{238} The Mattirotasi village head was the only one who was able to confirm this, however.\textsuperscript{239} Forum Warga also claims that it ensures village plans are submitted to the musrenbang (Development Planning Meeting) at sub-district level,\textsuperscript{240} but there was no evidence to show that village plans are being used at this level.

**Is The Impact Of The New Law And The Program Of Participatory Development (Pdpp) Unsustainable?**

The financial sustainability of participatory planning is uncertain, due both to lack of data and to limited financial commitments from the district, but financial hardship does not appear to be a factor.\textsuperscript{241} The primary funder (USAID) has left; while the remaining funder (the district government) has continued to fund the PDPP process, its actual support has been much less than its promised support for the last two years. In 2004, it initially planned to dedicate Rp. 250 million (about US$25,000) to participatory planning in 14 villages, but cut this to Rp. 50 million. In the end, even this sum was not disbursed until 2005, due to budget shortages in 2004. In 2005, it allocated

\[\text{footnotes}\]

\begin{itemize}
\item \textsuperscript{232} Hasanuddin village.
\item \textsuperscript{233} Interviews with Matterotasi villagers.
\item \textsuperscript{234} Informal interview with Hasanuddin village head.
\item \textsuperscript{235} Interviews with community in the poorest hamlet in Hasanuddin village.
\item \textsuperscript{236} According to the General Secretary of Forum Warga.
\item \textsuperscript{237} PDPP manager/Bappeda staff.
\item \textsuperscript{238} Forum Warga.
Participatory Planning
In Maros District, South Sulawesi

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100 million to a further 20 villages, but to date has disbursed just 20 percent of this sum. There has been no
stated commitment to funding participatory planning in the remaining 63 villages.

PDPP Funding

<table>
<thead>
<tr>
<th>District budget</th>
<th>Perform budget</th>
<th>When implemented</th>
<th>Number of Villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rp. 50 million (US$5,000)</td>
<td>Rp. 200 million (US$20,000)</td>
<td>Mid-2003</td>
<td>6</td>
</tr>
<tr>
<td>Rp. 50 million (US$5,000)</td>
<td>No data available, though it is known that Perform paid some project costs this year</td>
<td>January-February 2005</td>
<td>14</td>
</tr>
<tr>
<td>Rp. 100 million (US$10,000)</td>
<td>0</td>
<td>No date planned</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: PDPP manager/Bappeda staff.

The team was unable to obtain any financial data from Perform for its 2004 PDPP spending. Without this, it is impossible
to accurately calculate the cost of implementing PDPP to date, making estimates of the cost of implementation in
the remaining 63 villages difficult. At least Rp. 400 million has been spent or committed for the process in 40 villages,
though. Extrapolating from this figure, the remaining 63 villages could be expected to cost about Rp. 630 million
more at an average cost per village of Rp.10 million. This represents less than 5 percent of Maros’ 2005 development
budget, though, implying that budget limitations may not be at the heart of the slow pace of PDPP implementation
throughout the district.

PDPP implementation has depended heavily on the involvement of the main local champion, Forum
Warga, whose limitations reduce the chances of institutional sustainability. The Forum has been very active
in promoting participatory planning. It tries to ensure that village plans are actually used in forming district plans
and budgets, by having staff present at and actively involved in planning meetings at each technical department as
well as the district level. It has also helped facilitate participatory planning in all 20 villages. However, it has limited
financial resources and technical skills, so its ability to maintain this level of involvement if PDPP is extended to the
remaining 63 villages is uncertain. Yet there is no obvious alternative to the Forum’s leadership.

Limited villager involvement in PDPP may reduce chances for social sustainability. Perform staff initially
trained 20 trainers: 10 from local government and 10 from civil society organizations, including Forum Warga. These
20 people trained facilitators for the first 6 villages to be included in PDPP. Village facilitators, including 3 leaders
from each village, were to have led the participatory planning process in these villages. However, in the next 14
villages, no village facilitators were trained or used; instead, Perform managers and district trainers (including Forum
Warga staff) were used. Admittedly, using villagers as facilitators may not have been very effective in building social
sustainability: in Mattirotasi, for example, the village head was not even aware that there had been village facilitators.

239 Estimate of PDPP manager based on agreed cost-sharing between the district (20 percent) and Perform (80 percent); no supporting budget data available.
When it was explained to him what the responsibilities of the village facilitators were, he concluded that he must have been one of them! But he could not recall having attended any related training. Village facilitators were never paid for their work, in contrast to district and Forum Warga facilitators, perhaps further reducing their buy-in to the program. (According to Bappeda, this was because most were already village leaders whose job responsibilities included facilitation of village meetings.) Moreover, Forum Warga—essentially the local leader of PDPP—is, despite its championing of villagers’ causes, isolated from the villagers by its elite status. Though it has formal links with NGOs in many villages, it does not have a strong local base of support. Many villagers have never even heard of it. Perhaps as a result, villagers have not taken ownership of the participatory planning process.

**Key Factors In The Positive Impact Of Participatory Planning**

It is still early days for the participatory planning process, so perhaps it is not surprising that its positive impact has so far been rather limited. First, more villagers are now involved in annual planning at the village level than before, and they reportedly are more confident about being involved; second, in some villages, the 5-year plan produced by the process is actually being used as a basis for annual village planning, and is being brought to the sub-district musrenbang in hopes of influencing higher-level planning. The increase in 2004 funding for village proposals is arguably another result, albeit indirect, of PDPP.

**Political changes at district and national level.** After the economic and social crises of 1997 and 1998, the incumbent Bupati was impeached and ultimately imprisoned for corruption, the first time that citizens had exerted such power in Maros’ recent history. This was in line with changes that were happening all over the country. The struggle to unseat the Bupati led to the formation of the Maros Representative Council, a grassroots citizens’ groups, and gave citizens a hint of their potential to shape district events.

Meanwhile, at the national level a sweeping decentralization law was passed that suddenly vested each of the approximately 420 districts and towns in the country with greater control over planning and budgeting. Local politicians, citizens, and foreign donors began taking a much greater interest in promoting good governance and participatory processes at the local level. The law, implemented in 2001, set the stage for the entrance of the Perform project and the formation of Forum Warga the following year.

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240 Law 22/1999 on Decentralization and Regional Autonomy established the framework for Indonesia’s decentralization process, while Law 25/1999 clarified the fiscal relationships among central and local governments.
The process of drafting participatory legislation. Perform's inauguration in the district coincided with a period of political ferment led by local university students. In May 2002, Perform staff and local students organized a meeting with local leaders and NGOs to discuss how to promote greater citizen participation in planning. Government staff were willing to attend because they understood that many donors would begin requiring participatory processes. Reformist elements within the district government welcomed this initiative, recognizing that enhanced participation could actually work in their favor, by enabling them to respond more effectively to citizen demands, and in the process build greater popularity with their constituents.

The meeting resulted in a proposal to create a team of 15 people (40% from the government and 60% from NGOs) to draft legislation to require citizen participation in planning. After four rounds of popular consultation among government, NGOs and citizens between 2002 and 2003, including a workshop on participatory planning and a seminar on the design of the law, and three drafts, the team finalized the proposed law. DPRD approved Regional Regulation Number 13 on Community Participatory Based Regional Development Planning (P2DBM/P2BM) in 2003.

Passage of a law on participatory planning. The collaborative process of drafting and passing the law—which involved government, NGO, and Perform staff—mobilized support for and commitment to participation. The law asserts that “participation matters”—a major change from the past when participatory processes had been neither desirable nor necessary. The law also provided a legal basis for PDPP. Perform has attempted to promote similar legislation in the other 79 program districts, yet in only six has it been successful, a demonstration that passage of the law is indeed a significant achievement. Conditions were right for the law in Maros because of the consultative process and the support and leadership of the Bupati and other reformers in DPRD.

The receptiveness of local government staff to “changing the rules of the game.” Bappeda is the organization responsible for reviewing, prioritizing, and allocating development funds, including all village proposals. Bappeda staff were involved in the initial meetings that led to passage of the law on participation, and have been quite supportive of Forum Warga and Perform project staff. While some DPRD members were concerned about the implications of institutionalizing participation, many others, especially those linked with Forum Warga, played active roles in drafting and ultimately passing the law. Legal reform would not have been possible had there been strong political resistance. The fact that key local government officials—the Bupati, DPRD members, and Bappeda—were actively engaged in discussions with civil society groups and Perform staff in early 2002 about the new law indicates openness from the very beginning to changing the traditional top-down relationship between government and citizens. The likely low per village costs of implementing PDPP have probably also helped to enable PDPP supporters to keep getting at least some government funding for the process each year.

The Perform project. Perform project staff were key facilitators and supporters of the planning process. They provided support for the formation of Forum Warga, played a key role in working with the Forum and district government on

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241 Interview with DPRD member and Chair of Governance Commission.
242 Perencanaan Pembangunan Berbasis Partisipasi Masyarakat P2BM.
243 There was a nominally bottom-up planning mechanism in place nationwide for many years previously, but in reality most village heads drafted plans themselves, and only very rarely were village proposals approved and funded (Keputusan Menteri Dalam Negeri No.9 tahun 1982 tentang Pedoman Penyusunan Perencanaan dan Pengendalian Pembangunan daerah, or Home Affairs Ministry Decree No. 9/1982, Guide of Planning Formulation and Development Management Locally).
passage of the law on participation, and supported village-level planning via funding and facilitation. The project’s specific requirements about including more people in planning meetings and encouraging them to speak up were also important.

**Forum Warga’s genuine commitment to, and ability to lead, participatory planning.** The Forum provided a legitimate, local organizational home for participatory planning advocates to rally around. Its ability to make a difference for PDPP was likely due in part to its government contacts and organizational support from the Perform project.

**The leadership of some sub-district and village heads.** A few active sub-district (camat) and village (lurah) leaders have helped bring participatory planning to life. Of the villages visited by the team, this was only the case in Mattirotasi, but Forum Warga asserts that over two-thirds of PDPP village heads now understand and use participatory planning methods. They play a key role in ensuring that villagers understand their rights under the new law, that local planning processes are undertaken on schedule and to a high quality, and that villagers understand the subsequent process of prioritization and budget allocation at district and sub-district levels. In the opinion of Forum Warga’s secretary general, the Mattirotasi village head, for example, “really understands how to get community participation.” He has close relationships with many members of the Forum, and a background as a district activist. In 1998, he joined other activists to form the Majelis Amanat Rakyat Maros or Maros People’s Representative Council which impeached Maros’ previous Bupati.

**Villagers and village leaders’ continued use of personal lobbying as a way of obtaining district support for village proposals.**

**What Reduced The Positive Impact Of The Innovations?**

**Limited involvement of villagers in PDPP.** Perform and Forum Warga facilitators met with leaders of all 20 PDPP villages to ensure an appropriate cross-section of villagers be invited to two-day planning meetings. However, there was no follow-up; it was left to village leaders to issue invitations to and publicize meetings. In Mattirotasi village over 50 people attended. Their degree of representativeness of the village population is unknown, though interviewees stated that all stakeholders had been involved. Preparatory sub-village meetings were required by PDPP rules, but in at least one village (Pattontongan), villagers claimed that there had been no such meeting in the poorest of the 4 sub-villages, which reduced their ability to prepare their proposals and thinking. The village facilitator, however, contends that sub-village meetings were conducted in all 4 sub-villages. Strategies to increase women’s involvement were ineffective in part because they failed to take into account women’s work responsibilities and consequent availability for meeting.

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244 In Hasanudin village, no reliable information is available because the village facilitator moved out of the village, there is a new village head, and villagers did not have a clear recollection of the process. In Pattontongan village, locals reported that the planning process has not yet been completed.
Only in six villages were attempts made to use village facilitators, and even in these villages, villager involvement was rather weak. Indeed, one “village facilitator” was unaware of training he had supposedly received.

The lack of measurable improvements in budget allocations for PDPP villages. Villagers have seen few or no links between their actions (joining planning meetings) and outcomes (funding for village projects). The existence and comparative effectiveness of a “shadow process”—informal lobbying—has likely further undermined the potential for local support.

Weak support from the government for PDPP. The previous Bupati is known for his rather poor financial leadership. He frequently makes extra-budgetary financial commitments to villages, so that money has to be reallocated from the agreed budget (this may explain the drastic reduction in the district’s 2004 financial support for PDPP). Further, there is no plan for long-term financial sustainability for participatory planning. While it is not, in itself, very expensive, recurring costs associated with training facilitators and monitoring village progress, plus increased costs for expanding the program to new villages, mean that the total cost of this work will rise, not fall, in the coming years. The district’s inconstant financial support for participatory planning to date implies internal wrangling over the program’s relative merit.

| Perform timetable for PDPP implementation: |
| Year 1: Local stakeholders prepare multi-year planning document; |
| Year 2: Local stakeholders begin roll-over plan; |
| Year 3: Local governments assumed able to continue the process on their own, or seek further assistance from consultants trained by Perform. |

Poorly-planned ending of Perform’s support. The project’s ending was timebound rather than linked to results. Perform left Maros having actively facilitated participatory planning in 6 out of 103 villages, without leaving behind either a solid cadre of individuals who would continue the process, or ensuring the necessary funding.

Dependence on one local champion. While many stakeholders are involved in PDPP, other than Forum Warga and close associates such as the Mattirotasi village leader, there is no local champion for participatory planning. Meanwhile, Forum Warga has broad but shallow roots among Maros’ citizens. Most local citizens have a limited awareness of the Forum or what it does.

A truncated planning process in some villages. In the first 6 villages, PDPP was implemented as intended, in a leisurely 5-day process, but in the next 14 villages, due in part to budget limitations, the process took just 2 days. Most participants agreed that an intensive two-day process was too brief for the community to effectively implement a needs assessment and draft a plan together.

Limitations of the law. The Participatory Planning Law was a significant achievement in Maros. However, it has many limitations which have likely been key to problems with funding participatory planning and putting the

245 Forum Warga facilitated the process in the next 14, during which time Perform was winding up its work in Maros.
246 Interview with general secretary of Forum Warga.
resultant plans to use in district-level planning and budgeting. For instance, the law does not clarify:

- implementation arrangements at the sub-district and village levels;
- how participatory planning will be funded;
- what constitutes “participation”;
- the roles and responsibilities of different levels of government for implementation; and
- how village plans and district budgeting shall be linked.

Nor does it include provisions for a citizen’s complaints commission or sanctions for government staff who do not work in a participatory manner. (Both were dropped just prior to finalization of the law.)

Lack of an implementation decree for the law. The implementation decree is almost complete, and it is hoped that it will soon be legalized. It is expected that the decree would clarify much of the confusion surrounding participatory planning, as it would clarify responsibilities and help ensure accountability.

Local political changes. It is likely that the election of a new Bupati and the replacement of Bappeda’s head in late 2005 were one cause of the slow disbursal of funds committed to participatory planning in the next 20 villages and also delayed implementation of the implementation decree for the participatory law.

Citizens’ weak understanding of their rights and obligations under the new law. Most local citizens are unaware of the new law, and even fewer were able to cite its specific provisions regarding their participation in planning, further reducing their “demand” for participatory “services”.

Very limited available data on PDPP spending, funding for village proposals, and production and use of village plans. The lack of adequate data on these key topics means it is impossible to accurately gauge the success of PDPP to date, making it difficult to plan for effective implementation in the future.

Making It Sustainable And Replicable

Consider instituting a local “block grant” system. Such a system, which provides a pre-set amount of funding for local development proposals, could offer a direct, immediate, and powerful incentive for villagers to invest in developing high-quality medium-term plans.

Widely disseminate information on citizens’ rights and obligations regarding participatory planning. Citizens are less likely to effectively participate in planning exercises if they are unaware that the law supports them in this. Currently, many citizens still believe that planning remains the responsibility of their leaders.

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247 It merely states that “participation is a form of active societal involvement, directly and indirectly responsibly providing input for all policy formulation and enactment, and for all governance activities, so they can be more accommodative, transparent and accountable.”

248 DPRD Chair on Governance.

249 PDPP manager/Bappeda staff and Secretary General of Forum Warga.
Invest heavily in training and supporting village-level facilitators. If poor-quality plans result from village exercises, then it is almost certain they will not be used at the district level. There is evidence that the few village facilitators used so far have not received the necessary training and support to help villages produce high-quality plans, yet because of their grounding in village society and politics, these are the facilitators with the greatest potential to work effectively at the village level.

Outside agents such as the USAID Perform project should employ results-based programming. It is clear that participatory planning was not institutionalized or financially secure by the time Perform departed Maros, despite Perform's stated intent to ensure both. Such fundamental goals need to be incorporated into a project’s planning and decision-making structure to help ensure their realization. Financial sustainability is intimately linked to social sustainability: participation requires that people believe their involvement today will be rewarded with better outcomes tomorrow.

Provide support to government offices (in this case, Bappeda) to improve their ability to link village plans and budgets. Technical support is not, of course, sufficient to address the “egos” of the district departments and the influence of political parties, but is still an important factor.

Civil society organizations such as Forum Warga must have deep support to function effectively as agents promoting participatory planning. Most citizens only have a vague awareness of Forum Warga at present, so it cannot yet play the role to which it aspires, that of organizing and facilitating genuine citizen participation in budgeting and planning district-wide.
Case Study 9:
Civil Service Reform
In Boalemo District, Gorontalo
Abstract

Since 2002, the Bupati (Regent) of Boalemo district in Gorontalo province, Indonesia, has led a process of civil service reform. The main reforms have included passage of a district regulation on transparency, the introduction of competitive bidding for procurement, and the introduction of a new system of salaries for civil servants (significantly increasing them), together with fines to improve civil servant discipline. The success of the reforms has been limited to date. There may have been an improvement in civil servant performance if narrowly defined in terms of staff attendance, but the data to prove this were not available to the research team. No fine has yet been levied on a civil servant for poor service quality, likely because quality-related violations are being neither investigated nor reported. Moreover, one reform—the removal of so-called “operational allowances”, used mainly to pay for fieldtrip expenses—has had a negative impact on the performance of field staff, some of whom must now rely on the financial support of those whom they are supposed to be inspecting. The reforms appear to have been successful in increasing the transparency of procurement, but only for smaller projects. Collusion remains in the larger projects that are usually done by non-local firms, and which likely represent a substantial portion of all construction project money being spent in the district. The reforms seem to have made civil servants more accountable to the public, as citizens living near the capital now have more opportunities to lodge complaints, and apparently do so more often. In fact, at least once such a complaint has resulted in the firing of corrupt officials. The success of reforms has been mainly due to the Bupati’s commitment and leadership, and to the financial promises and technical support offered by the World Bank-funded Initiatives for Local Governance Reform (ILGR) Project. On the other hand, many factors have conspired to limit the reforms’ effectiveness to date, including poorly designed incentives reform (the dearth of salary fines for service quality, the impracticality of the monitoring system for salary fines, and the short-sighted decision to remove “operational allowances”), over-dependence on the Bupati as an individual, the marginalization of citizens living in distant and poor parts of the district, a very weak civil society, and unfulfilled financial commitments from the ILGR project.
Introduction

As part of its mandate to alleviate poverty in Indonesia, the World Bank is undertaking a series of case studies to promote better services, especially for poor and disadvantaged people. The case studies were chosen through a competitive outreach process managed by the World Bank from the many innovative practices seen in Indonesian local government in recent years. Donors, non-governmental organizations, and local government staff were contacted and encouraged to submit proposals regarding innovative pro-poor service delivery work that they either were undertaking or knew about. The reforms being implemented in Boalemo district, Gorontalo, touch upon a theme that is central to making services more pro-poor: reforming the civil service. Hence its selection as one of the case studies.

The Study Site: Boalemo District

Boalemo district was established in October 1999, following the central government’s decision to decentralize, and the new district government was formed in 2000. Immediately thereafter, a costly dispute over the location of the new capital forced the district to build government facilities in two cities. The dispute was settled at the end of 2002 by splitting Boalemo into two new districts, Boalemo and Pohuwato. The population of the new Boalemo district was 106,440 in 2003.

By any standard, people in Boalemo are poor. A 2000 poverty assessment by the Central Body of Statistics (Badan Pusat Statistik or BPS) put its poverty rate at 39 percent, much higher than the national average of 19 percent. In 2003, its Gross Domestic Product (GDP) was Rp. 280 billion (US$29.5 million) or just Rp. 2.6 million (US$276) per capita. The district depends on agriculture and fisheries: in 2003, three-quarters of its labor force worked in these sectors, contributing just over one-third of the district’s GDP.

Boalemo is culturally homogeneous; most citizens are of Gorontalo origin and many, especially older people, do not speak Bahasa Indonesia. Ninety-six percent are Muslim. Religion plays an important part in daily life, as reflected in the district’s motto, Boalemo Bertasbih, which literally means “Boalemo with the prayer beads.”

The Civil Service In Boalemo

Two types of civil servants work in Boalemo. Full-fledged civil servants (pegawai negeri) receive their base salary from the central government, and only the central government may fire them. Districts are able to assign their jobs, however. In 2004, Boalemo employed 1,320 full-fledged civil servants.

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251 “Bertasbih” Stands for Beriman, Takwa, Sehat, Bersih, Indah, Harmonis; that is Faithful, Devohed, Healthy, Clean, Charming, in Harmony.
252 Interview with District Finance Bureau staff member.
Boalemo’s Vision and Mission on Governance

**Vision:** Independence in governance: the ability to plan, formulate, implement, and control all government activities in order to serve the public.

**Mission:**
1. Provision of a high-quality civil service.
2. The implementation of a system of rewards and punishments.
3. The development of a government that is need-based.
5. Regional development.
6. Periodic meetings with the legislative body.
7. The formulation of public service standards.

District-contracted employees (honor daerah or honda) get neither the salary nor the privileges of full-fledged civil servants; however, they are also not bound by the same rigid central rules (which even govern personal issues such as marriage). Hondas’ entire salary is paid by the district, which can hire and fire them at will. With the 2002 split of Boalemo, the number of full-fledged civil servants available to work in each of the two new districts was drastically cut. Together with the central government’s 2003 decision to maintain a zero-percent growth rate for these employees, this has meant a shortage of full-fledged civil servants for Boalemo. Hence, the district has been relying heavily on hondas. According to a staff member of the District Finance Bureau, there were 1,476 hondas in 2004.

The Reforms

**Genesis Of The Reforms**

Governance reform has been part of the district government’s mission since 2000 when the district was formed. From 2002 to 2004, the district government introduced a set of civil service reforms in order to achieve this mission. Meanwhile, in October 2002, the World Bank-funded “Initiatives for Local Governance Reform (ILGR) Project” was initiated in 22 districts in Indonesia, including Boalemo. The project goal was to support district (kabupaten) governments in improving transparency (specifically, issuing a district regulation on transparency), accountability and public participation and in undertaking reforms in financial management and procurement.

The three main foci of civil service reform in Boalemo are described below.

**Reform Focus #1: Improving Transparency**

Following his election in 2001, the Bupati (district head or “Regent”) ordered the removal of the fence surrounding his home to allow the public easy access to him. The next year he began a “morning coffee” tradition: the public was invited to visit him at home in the early mornings and make complaints directly to him. In addition, he has ensured that the public can complain directly to the District

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253 Full-fledged civil servant privileges can include a “structural” allowance, allowances for a wife and child, and monthly rice rations.
254 Hondas cannot fill “structural” positions: they are generally, for instance, workers, teachers, and field staff rather than managers, school principals, or bureau heads.
255 ILGR Project Appraisal Document.
Inspectorate Office. In 2003, ILGR project implementation began in Boalemo. ILGR facilitators worked with the district government and civil society to draft a Regional Regulation (Peraturan Daerah or Perda) to strengthen the legal basis for government transparency.\(^{256}\) At the end of 2004, Regional Regulation No. 6/2004 on “Transparency of Public Service in Governance” was enacted by the district parliament. It is to become operational in January 2006.\(^{257}\) On paper, the regulation is very progressive. It clearly requires public agencies to provide most types of information—except those related to police and national defense intelligence and the protection of intellectual property rights and competition—to anyone who asks for it. The regulation also states clearly which agency (the Transparency Commission) is responsible for implementation, as well as describing administrative and criminal sanctions for those who disobey it.

Following enactment of this groundbreaking legislation, the Bupati has continued to undertake other efforts to increase transparency. In 2005, he insisted that all high officials begin posting their official salaries on their doors. He requires all bureaus to publicize their progress in achieving the year’s target for own-source revenue, for both transparency and accountability purposes. He has also published his own and his secretaries’ mobile phone numbers, so citizens can either call him directly or send him text messages to report on civil servants’ performance.

**Reform Focus #2: Reducing Corruption In Procurement**

Government procurement is one of the main sources of financial “leakage” throughout Indonesia.\(^{258}\) With sole-sourcing as opposed to competitive bidding long the government’s method of choice, procurement has often been used to reward politicians’ cronies with government projects. District governments argue that sole-sourcing is not all bad: it can nurture the growth of local businesses, particularly in the construction sector. With the 2003 introduction of Presidential Decree No. 80/2003 on competitive bidding, however, most government purchases of goods and services must now go through a competitive bidding process. Neither district governments nor local businessmen are fans of the new requirement.

In 2004, despite protests from many local businessmen and politicians, the Bupati introduced competitive procurement to Boalemo—with a few twists. He made use of religion to try to restrain members of the Procurement

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256 See [http://www.p2tpd.or.id](http://www.p2tpd.or.id).

257 Operationalizing any regulation requires an implementing decree, which usually takes about a year to issue. Regional Regulation No. 6/2004 was issued at the end of 2004.

Committee from corruption: all committee members are now sworn in in a public religious ceremony.\textsuperscript{259} In addition, he began micro-managing the procurement process via two teams. The Verification Team (including the District Secretary and representatives from relevant technical bureaus and the Financial Bureau) verifies the accuracy of bidders’ technical documents and disburses project budgets. The Legal Advocacy Team (including the head and staff of the District Attorney’s office, the Chief of Police, the head and staff of the District Inspectorate, and the head of the Legal Department) gives legal advice about contractors, monitors the Procurement Committee, monitors projects that are prone to corruption, and advises the Bupati on measures to prevent corruption.\textsuperscript{260}

**Reform Focus #3: Restructuring Incentives To Improve Performance**

In 2004, the Bupati began to implement a system of reward and punishment to improve civil service performance (narrowly defined as good discipline).\textsuperscript{261} The reward he chose was the allowance that most districts provide to top up full-fledged civil servant salaries. In Boalemo, this allowance is called a regional performance operational allowance (tunjangan operasional kinerja daerah or TOKD). Prior to the reforms, the TOKD was not used in Boalemo. The Bupati initiated its use, thereby increasing the salaries of most full-fledged civil servants by as much as 80 percent (the exact amount depends on the civil servant’s rank; see table below). For hondas, the TOKD became the entire salary (ranging from Rp. 450,000 to Rp. 800,000 depending on qualifications). The Bupati included a system of fines with the new TOKD, to be levied whenever any of ten violations is committed. The fines reduce the TOKD by a prescribed percentage for each violation. Most violations pertain to behavior; little emphasis is put on service quality. To help implement the fines, the Bupati introduced a monitoring system which requires civil servants to sign hourly (rather than the usual daily) roll-calls.

<table>
<thead>
<tr>
<th>Violations</th>
<th>Fine (% of TOKD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Miss hourly roll call without explanation.</td>
<td>0.625</td>
</tr>
<tr>
<td>2. Arrive late at the office.</td>
<td>1.25</td>
</tr>
<tr>
<td>3. Leave the office early.</td>
<td>1.25</td>
</tr>
<tr>
<td>4. Are absent without explanation.</td>
<td>4.00</td>
</tr>
<tr>
<td>5. Are reported for poor service provision by the public.</td>
<td>10.00</td>
</tr>
<tr>
<td>6. Never perform public service.</td>
<td>5.00</td>
</tr>
<tr>
<td>7. Do not attend a required meeting or other event.</td>
<td>10.00</td>
</tr>
<tr>
<td>8. Fail to obey supervisor policy (for example, about religious dress, exercise, or lectures).</td>
<td>20.00</td>
</tr>
<tr>
<td>9. Fail to make appropriate reports.</td>
<td>5-10</td>
</tr>
<tr>
<td>10. Violate Central Gov. Regulation No. 30/1980 about civil servants.</td>
<td>30-100</td>
</tr>
</tbody>
</table>

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\textsuperscript{259} The Procurement Committee is an ad hoc body of civil servants from a project’s implementing agency (usually a government bureau), set up during the procurement period to select the contractor for the project. Apparently, the text for the swearing-in ceremony includes threats of divine damnation for those who corrupt the process.

\textsuperscript{260} Bupati Decree No. 65/2003.

\textsuperscript{261} “Good discipline” is usually taken to mean coming to and leaving the office on time, taking breaks within the allowed time limit, attending the various civil service ceremonies, and following supervisor instructions.
Full-fledged civil servant salaries, post-reform (Rp.)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Base Salary (minimum)</th>
<th>Base Salary (maximum)</th>
<th>Non-operational Allowance</th>
<th>TOKD (minimum)</th>
<th>TOKD (maximum)</th>
<th>TOKD as % of Central Government Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank 1</td>
<td>575,000</td>
<td>879,000</td>
<td>0</td>
<td>350,000</td>
<td>40%</td>
<td>61%</td>
</tr>
<tr>
<td>Rank 2</td>
<td>726,000</td>
<td>1,186,000</td>
<td>0</td>
<td>450,000</td>
<td>38%</td>
<td>62%</td>
</tr>
<tr>
<td>Rank 3</td>
<td>905,000</td>
<td>1,463,000</td>
<td>263</td>
<td>650,000</td>
<td>44%</td>
<td>72%</td>
</tr>
<tr>
<td>Rank 4</td>
<td>1,069,000</td>
<td>1,800,000</td>
<td>210-2,500,000</td>
<td>1-3,500,000</td>
<td>78%</td>
<td>81%</td>
</tr>
</tbody>
</table>

Source: Bupati Decree No. 55/2004

Summary of civil service reforms in Boalemo

Transparency
- Improved access to the Bupati and District Inspectorate Office
- Passage of district regulation on transparency
- Posting of staff salaries and phone numbers and bureaus’ progress in achieving goals

Procurement
- Introduction of competitive bidding, with religious swearing-in ceremony for Procurement Committee and micro-management of procurement via Verification and Legal Advocacy Teams

Incentives
- Introduction of TOKD with fines and monitoring, thereby greatly increasing civil servant salaries
- Removal of most “operational allowances”

The Bupati also removed most “operational allowances,” which, depending on which bureaus the civil servants are in, can constitute a major percentage of the full-fledged civil servant salary. The allowances, for travel, project-related work, and participation in committees, are prone to misuse, and create a “pecking order” among bureaus, with the most project-intensive bureau having the highest operational allowances. The Bupati intended the TOKD to substitute for the operational allowances, removing both the potential for abuse and the “pecking order.”

263 Rank 3 staff occasionally receive non-operational allowances as well.
264 Not including the non-operational allowance.
265 Assuming minimum salary earners receive the smallest TOKD and maximum salary earners receive the largest TOKD.
266 Civil servants often inflated claims for these allowances, particularly at the end of the fiscal year, when bureaus attempt to fully spend their budgets.
267 There was an increase in the salary of all civil servants when this reform was implemented, to address the loss of “operational allowances”, but the size of the increase is not known.
Hypotheses And Methodology

The research examined the following three hypotheses:
1. The civil service reforms have improved the performance of civil servants.
2. The civil service reforms have increased transparency in procurement.
3. The civil service reforms have made civil servants more accountable to the public.

The research team spent six days in Tilamuta (the district capital) and two days in Gorontalo City. Semi-structured interviews were conducted with high-level officials (the Bupati and the heads of the District Planning Agency, District Inspectorate, Bureau of Public Works, District Civil Service Agency, Bureau of Health, and Legal Department), lower-level officials, ILGR facilitators, several civil society organization (CSO) activists, the staff of health clinics in Dulupi and Tilamuta sub-districts, and a contractor who had won several development projects in Boalemo. In addition, two focus group discussions were conducted, one with 14 CSO activists representing 8 CSOs, and one with 12 members of parliament. Citizens were not interviewed in part because of the language barrier: team members would have had to rely on local government staff as interpreters, possibly skewing responses.

The impact of governance reforms is hard to measure, in part because of the sensitivity of the subject. This case study barely scratches the surface of this complex and elusive subject, and hence should be considered a mere snapshot of the story of governance reform in Boalemo.

Impact Of The Reforms

Have The Civil Service Reforms Improved The Performance Of Civil Servants?
There may have been an improvement in “civil servant performance”, if narrowly defined in terms of staff attendance. A head of the District Development Planning Agency (Badan Perencanaan Pembangunan Daerah or Bappeda) suggested that the new TOKD fines reduce absenteeism, and further noted that he has observed less absenteeism and “more enthusiasm” among hondas than among his agency’s full-fledged civil servants. The head of the Public Health Centers (Pusat Kesehatan Masyarakat or puskesmas) in the district capital of Tilamuta also noticed this impact.

On the other hand, the head of the Public Works Bureau feels that workload fluctuations have had a greater impact on absenteeism than the TOKD fines. The research team was unable to obtain attendance records to support any of these claims.

### TOKD violations related to service quality
- #5: Reported for poor service provision by the public.
- #6: Never perform public service.
- #9: Fail to make appropriate reports.

### No TOKD fine has ever been imposed for poor service quality.
According to a staff member at the District Finance Bureau responsible for subtracting fines from regular TOKD payments, almost all fines have been imposed for the simplest violations, such as those related to attendance. This suggests that either quality-related violations have never occurred or that they have never been noted. Since the team found that complaints about civil servants are regularly made, whether to the Bupati, the District Inspectorate or the parliament, it is more likely that civil servants’ quality-related violations are simply not being noted.

### Incentives reform places a financial burden on staff.
The head of the Public Works Bureau must go to the province 4 to 5 times a month, bringing 4 to 5 staff members each time. Prior to the reforms, a travel allowance covered his trip expenses. Now, however, only gasoline is reimbursed (from project budgets), and he often must personally pay for staff meals, an expense that usually exceeds his TOKD.

The removal of “operational allowances” has created problems for staff who legitimately spend most of their time in the field.

By de-linking salary top-ups to project- and field-related activities, the Bupati did succeed in reducing financial “leaks”. However, this has had a negative impact on field staff performance. The head of the Public Works Bureau complained that he must now personally supplement the cost of staff meals during fieldtrips, as the TOKD has proved insufficient. He pointed out that without the “operational allowances”, project inspectors conducting field inspections must now often depend on financial support from the contractors they are supposed to be inspecting, with clear negative implications for accountability. Similarly, health clinic staff complained that they must now personally pay for gasoline during field visits to villages. The Bupati has responded to these unforeseen consequences by permitting “specialized allowances” for both project inspectors and health clinics—in effect a partial reversion to the system of “operational allowances”.
Have The Civil Service Reforms Increased Transparency In Procurement?

The reforms appear to have been successful in increasing the transparency of procurement for smaller projects. A high official at the Public Works Bureau—the bureau responsible for infrastructure projects and often regarded as one of the main nests of corruption—stated that competitive procurement has reduced the “commission fees” received from contractors, due to their now thin profit margins. He reported that some local contractors are even incurring losses now because they have underestimated project costs.

According to the Bupati and the Public Works Bureau head, most, if not all, of the firms involved appeared to have respected the new process: no serious complaints or accusations of foul play were made in the mass media after the 2004 procurements were completed. Some three or four bidders came forward to complain about having had their bids rejected, but, according to the Bureau head, they were satisfied with his explanations.

For larger contracts, however, collusion remains. A private sector informant from one of the larger construction firms suggested that the introduction of competitive procurement has not changed the process of bidding for larger contracts very much. Covert agreements among the larger firms, with government officials, and with the Procurement Committee to divide large government projects continue. “Commission fees” usually paid to high officials have generally not changed. Moreover, firms that do not land contracts at the district level via the new competitive process can still be contracted for provincially- and centrally-funded projects.

Fifty-six percent of the total number of projects managed by the Boalemo Public Works Bureau in 2004 were won by local contractors, who tend to work on the smaller projects; but the value of projects managed by larger, non-local contractors was almost double that of smaller, locally-managed projects. Hence, the ongoing corruption in larger projects likely represents a substantial amount of money.

Have The Civil Service Reforms Made Civil Servants More Accountable To The Public?

Citizen power in action. In 2004, the Inspectorate received complaints from some citizens about suspicious transport levies from the transportation bureau. The Inspectorate office checked with the District Finance Bureau to see whether the levy money had been added to district revenue. After it was confirmed that the levies had not been added, the Inspectorate office gathered the necessary evidence to demonstrate fraud—including the fact that some minor department officials had printed bogus receipts to collect more levies. The Inspectorate reported the incident to the Bupati. Since all 10 officials involved had been contracted by the district, the district was able to fire them immediately.

Citizens living near the capital have more opportunities to lodge complaints, and apparently do so more often. At least once, such a complaint has resulted in the firing of corrupt officials. The Bupati’s willingness to open up his home has allowed citizens to complain directly to him. Similar openings are available at the parliamentary and inspectorate offices. Government officials, parliament members and civil society agree that citizens actually use these opportunities to complain about officials and public servants.

268 “Smaller” projects are those that can be managed by local (Boalemo) contractors. “Larger” projects are those that must be handled by provincial contractors. Projects with budgets less than Rp. 50 million (US$5,300) are, however, exempt from the competitive bidding requirement.
269 Data from District Finance Bureau and Bappeda (2004).
services; and there is a general impression that complaints are often addressed effectively. Complainants have ranged from a teacher disagreeing with cuts to her salary, to a community reporting money siphoned from village grants by village leaders.

Lessons From The Reforms

What Made The Reforms Possible?

The Bupati’s commitment and leadership. Implementation of the reforms was greatly aided by the Bupati’s personal involvement in them, especially his enthusiasm in opening his home to citizens and his willingness to listen. Of note, he was the first civil servant to have his travel allowances reduced following the allowance reforms. The Bupati’s skill at managing challenges to the often controversial reforms has also been key; he has frequently used broad support from below to address resistance at the top. His success in pushing forward the implementation of the TOKD-with-fines system, despite some resistance from the parliament and some high-level bureaucrats, partly came from the support of civil servants at all levels (as most civil servant salaries were increased by the reform).

Budgetary incentives and technical support for reform from the ILGR project. The ILGR project, implemented in Boalemo beginning in 2002, came with a promise of investment loans or grants to finance the district’s poverty reduction strategy and several conditions for disbursement:

- Enactment of a district Regulation on Transparency (a “Freedom of Information” Act);
- Implementation of transparent district financial management practices in accordance with World Bank guidelines;
- Implementation of a transparent procurement process in accordance with the Presidential Decree No. 80/2003; and
- Creation of a Poverty Reduction Strategy Paper (PRSP).

The as-yet unfulfilled promise of investment funds was a strong additional impetus to reform.

The national decree on procurement reform. This decree provided a useful hook on which to hang the “hat” of procurement reform at the district level; it was used by both the Bupati and ILGR facilitators to push reform in the face of dissent.

The use of significant financial incentives to improve civil servant performance. For hondas whose entire salary is made up of the TOKD, the threat of fines was apparently effective, as fines could constitute a significant proportion of the salary.

Easily understood, quantified and monitored violations. Five of the ten TOKD violations relate to staff attendance, a variable that is easy to understand and monitor.

270 Interviews with the Bupati, Inspectorate, and District Parliament.
The inherently larger number of bidders for smaller projects. Many more firms are able to undertake smaller than larger projects, so there are inherently more potential bidders for smaller projects. The larger the pool of potential bidders, the more difficult for them to collude for unfair profits. Hence, competitive bidding is not only more accepted for smaller projects, but less naturally susceptible to corruption.

**What Has Limited The Positive Impact Of The Reforms?**

The inherently smaller number of bidders for larger projects. Not many contractors, local or not, can do larger projects because of the high cost of the necessary equipment. Thus, any large project will have only a handful of potential bidders, making it fairly easy to collude with high district officials to set good prices. Moreover, given that virtually no local contractors can afford to bid for these projects, there are unlikely to be complaints in the district about such practices.

The dearth of TOKD violations for service quality. Half the TOKD violations relate solely to attendance; only three relate to service quality, and then only loosely. It is true that quality of service delivery is not easy to define, let alone measure, but it is possible through careful work to identify meaningful indicators for this important topic. The exclusion of service delivery quality issues from the civil servant performance reforms in Boalemo essentially limited performance improvements to non-quality areas.

The impracticality of the monitoring system for TOKD violations. The system only works if violators are caught, which makes monitoring crucial, but with insufficient staff to carry out this task, and only lackluster support from many high-level bureaucrats, monitoring has been patchy and inadequate. In particular, monitoring has only been effective close to the capital. The offices of Bappeda, the Public Works Bureau, and the Tilamuta public health centers, for example, are located close to the offices of the Bupati and the Inspectorate, which can therefore carry out frequent inspections. The threat of penalties is thus credible in those offices and the fines system has apparently had a positive impact on attendance. But the research team’s visit to a public clinic in Dulupi, an hour away from the district capital, revealed a breakdown of this system the farther an office is from the Bupati’s and the Inspectorate’s. Neither the Inspectorate office nor the Bupati had ever conducted sudden visits to this clinic. The clinic director himself was not in attendance when the team arrived, and had to be called from his home to meet them. The clinic was not implementing hourly roll-call sign-ups because its staff, who spend most of their time in the field, found the system a hassle, but staff were not fined because these TOKD violations had not been reported.

Poorly designed “allowances reform”. Removal of the “operational allowances” had negative as well as positive impacts—negative impacts that most likely could have been predicted by affected staff before the implementation of the reform. It appears the reform was designed neither systematically nor in a participatory manner. The government’s response to complaints from field staff—reinstating some allowances—only continues the somewhat ad hoc style of some of the reforms.
Overdependence on one person—the Bupati himself. Many citizen complaints are channeled directly through the Bupati, which means people must physically travel to his home for meetings at which complaints may be lodged. Uncertainty regarding the timing of meetings, however, creates a barrier to the reporting of poor public service. Moreover, meetings can be cancelled at the Bupati’s convenience. At the time of this research, one such meeting was cancelled because the Bupati had just returned from field inspections. The uncertainty about meetings would likely affect some people’s willingness to come and complain. Other reforms are also highly dependent on the Bupati himself, for example monitoring of TOKD violations. A clinic near the Bupati’s office saw positive changes in attendance as a result of frequent monitoring, but a clinic one hour away did not. An ILGR facilitator stated that during the Bupati’s recent one-month leave, there was a lessened sense of urgency in maintaining discipline, particularly among the bureaus close to the Bupati’s office, resulting in a negative impact on civil servant attendance.

Lack of political incentive to deal with ongoing corruption in larger projects. The likely corruption in procurement for larger projects rarely involves local firms, perhaps one reason there has been no local reporting about the issue. At the same time, there are rumors that the Bupati might actually get cuts from larger projects.

Financial incentives for better performance were less effective for full-fledged civil servants than for hondas. The difference was likely due to the fact that the portion of the salary subject to fines—the TOKD—is only part of the full-fledged servant’s salary, but comprises the whole of a honda’s salary.

The barrier of distance for citizens, especially the poorest, who want to report poor service. Since all offices at which citizens can complain are located in Tilamuta, the district capital, citizens outside the capital do not have equal opportunity to register complaints. This limits the potential for improving civil servant accountability. Poorer areas are especially at risk, including Paguyaman Pantai, the district’s poorest sub-district, more than an hour’s drive from the capital across a difficult mountainous area with poor-quality roads, and Dulupi, the second poorest sub-district, a forty-five-minute drive away. It is difficult, if not impossible, for poor people in these two sub-districts to find the time and transportation money to go to the capital to complain. On occasion, the Bupati, Inspectorate or members of Parliament visit these areas to get feedback, but these visits do not happen often.

Weak civil society. Greater transparency in the district was supposed to have provided more room for civil society organizations (CSOs) to demand better services and less corruption. CSOs have not, however, been effective in capitalizing on the improved transparency. On the contrary, the reputation of district CSOs has been tainted by an incident in which many were brought to court for their alleged involvement in misappropriating poverty-reduction funds.

Unfulfilled financial commitments. The government of Boalemo has fulfilled all the requirements for ILGR funding and is now entitled to receive disbursements directly. In anticipation of this funding, from 2002 to 2004 the district spent about Rp.150 million (US$15,800) from its own budget to support the reforms—yet it is still waiting for ILGR funds. At one point, the parliament almost refused to endorse the district law on transparency due to the continued
delay of the promised funds.271 Similarly, the Bupati admitted receiving criticism for pushing the reforms despite the non-arrival of funds. There were three problems that have caused the delays: first, the central government dithered on the establishment of the regulations required to allow districts to borrow from foreign donors directly. Second, at the central government level, there was conflict about the very concept of taking World Bank loans, with one of the ministers (who has since left) taking a particularly strong stance. Third, there have been delays from the Bank side regarding clearance of the money. The current agreement is that the promised ILGR funds will be disbursed yearly for three years beginning in 2006, with Boalemo slated to receive a grant of Rp. 4.5 billion (US$474,000) the first year (so technically the central government will be borrowing the money rather than the district), and the same amount in loans in each of the subsequent two years.]

Moving The Reforms Forward

Implement the law on transparency. On paper, the law is very progressive, but its implementation will determine whether it will actually increase government accountability.

Create mechanisms for third-party monitoring of civil service quality. The district’s experience suggests that, as long as it is not too costly to report complaints, citizens do come forward. However, collegial loyalty within the bureaus limits the effectiveness of internal mechanisms in monitoring performance; hence, the need for external monitors to improve civil service quality further. For example, the establishment of “report cards” for service quality could allow an independent organization such as a CSO survey service users, thus placing pressure on district offices to improve service quality. Public expenditure tracking (letting communities monitor project implementation by providing them with information regarding grants they are supposed to receive) combined with the new transparency law can complement competitive procurement to help fight corruption.

Civil society and politics in Boalemo. CSOs in Boalemo do not seem able to maintain their independence. To quote a veteran activist: “The conviction [of CSO activists] can be shaken by money.” Moreover, CSOs appear to have too cozy of a relationship with the region’s power centers—the Bupati and the parliament. This is well-captured by the comments of an ILGR facilitator: “In other districts, I have never seen so many CSO activists hanging around regional government or parliament offices, except when there are real needs. Here, many CSO activists just stick around these offices [for no apparent reason].”

Nurture the growth of an independent civil society by reducing poverty in the district. A critical ingredient for governance reform that appears to be missing in Boalemo is an active and independent civil society. Most CSOs in Boalemo cannot operate on income from their advocacy work alone. Hence, young activists are tempted to change their allegiance to the private sector or to become civil servants or politicians themselves. Thus, the success of the reforms depends mainly on local political leaders. Direct support from donors to civil society organizations can useful, but might create an unsustainable dependency on donor projects. Another approach is to reduce the district’s primary problem: poverty.

271 Interview with an ILGR facilitator.
Speed up reforms by removing inconsistency in central government support for decentralization. In 2003, the central government decided to begin letting districts recruit their own full-fledged civil servants. Boalemo’s Bupati, full of enthusiasm for this move, made great efforts to ensure the recruitment process would be as transparent as possible. He drafted members of the police and the public attorney’s office to monitor exams. He insisted that exams be evaluated transparently: a person would shout out the answers and the monitors would review the candidates’ answers and final scores publicly. Most considered the process fair. Unfortunately, after only one year, the central government stopped the experiment. Many districts perceived this move as a reflection of the central government’s half-heartedness in embracing decentralization. The episode illustrates a problem faced by many districts embarking on civil service reforms: sometimes reforms have had to be rolled back because of the decisions (or, more often, the indecisions) of the central government. A predictable regulatory framework is important for reform.

Take the long view. By its nature, governance reform does not produce immediate results. Worse, in the short term, it tends to alienate the political elite by insisting that they change their behavior and make themselves more accountable to the public. Results take time.