

Executive Summary

MARGINALIZED GROUPS IN PNPM-Rural¹

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1. About the report

The Marginalized and Vulnerable Groups Study grew out of a concern that some marginalized segments were left out of the development process in the areas where *Program Nasional Pemberdayaan Masyarakat Mandiri-Pedesaan* (PNPM-Rural Rural)—a country-wide community driven development project in Indonesia—works. Previous studies on the Kecamatan Development Project (KDP), the predecessor of PNPM-Rural, as well as the baseline survey for PNPM-Rural indicates that decision-making within the project favors the majority and better-off as opposed to poorer villagers and those living in outlying areas (McLaughlin, Satu, & Hoppe, 2007).² The poorer groups, which include female heads-of-households and heads-of-household with no primary education, have limited participation in the KDP/PNPM-Rural decision making process, as about 75 percent of the poor attending the meetings were passive participants (Gibson and Woolcock, 2005; Voss, 2008). Other studies have shown that despite the passive nature of participation, when compared to similar projects, KDP/PNPM-Rural was better in getting the poor involved (Agung and Hull, 2002).³ This study was undertaken to better understand the dynamics of participation, defined as “a process through which stakeholders influence and share control over development initiatives, decisions and resources which affect them”.⁴

2. Objective of the study

This study attempts to answer the following questions:

- Who participates in PNPM-Rural and who does not?
- Why do these groups not participate? What are the obstacles to participation
- What can be improved in poverty programs such as PNPM-Rural or other targeted programs to reach these groups?

The socio-economic and political reasons are examined to understand why some groups participate in the development process and others are marginalized.

¹ The World Bank provided financial support for this study.

² McLaughlin, K., Satu, A., & Hoppe, M. (2007). *Kecamatan Development Program Qualitative Impact Evaluation*. Jakarta: The World Bank

³ Gibson, C., & Woolcock, M. (2005, September). Empowerment and Local Level Conflict Mediation in Indonesia: A Comparative Analysis of Concepts, Measures, and Project Efficacy. *World Bank Policy Research Working Paper 3713*

⁴ (Agung, I., & Hull, T. (2002). *Study on the Economic Loan Scheme*. Accessed September 7, 2009, from <http://www.ppk.or.id/downloads/Study%20on%20the%20Economic%20Loan%20Scheme.pdf>

3. Methodology

To answer the research questions the methodology used was qualitative. Apart from related documents reviews, data were collected mostly through interviews with key informants and selected focus group discussions. Cross interviews, especially (but not limited to) with informants of different positions, socio-economic background and (presumed) interests, were used to verify answers.

Field work was done in 24 villages in 12 sub-districts (*kecamatan*) in six provinces (West Sumatra, West Java, West Kalimantan, West Nusa Tenggara, South Sulawesi and Papua) from October to December 2009. Within each sub-district, research sites were selected as follows: one randomly selected village and the village one considered poorest.

4. Main findings

4.1 On Participation and Socio-Economic Structure

Corroborating previous studies, this study finds those marginalized groups have limited participation in the decision making process in PNPM-Rural when compared to other groups in the village. Dissecting the socio-economic structure reveals some insight to the dynamics of participation in decision making within PNPM-Rural.

Community groupings are not neatly confined within economic status as the term “marginalized” implies (although marginalized people are mostly poor/very poor). They can cross or overlap economic groups. In relation to PNPM-Rural participation (or non participation) generally there are four major groups: the elite, the activists, the majority, and marginalized groups. The elite are the wealthy, village government leaders, and the religious and customary leaders while the activists are villagers who possess knowledge on government projects and use this knowledge to get involved. These activists, such as those in farmers’ groups and PKK (government-led women’s group), have a close relationship with government leaders. The majority of the village population are people with few assets or small income levels, such as small landowners, *ojeg* drivers (motorcycle taxi drivers), small industry workers and mobile vendors. The marginalized groups can be characterized as having no (valuable) assets, living in outlying areas with limited basic infrastructure, having limited income with a large number of dependents, and originating from an ethnic/religious minority.

Of the elite, the village officials have most influence over the decision making in PNPM-Rural. They work together with the activists who participate actively in village meetings and in program implementation. They can manipulate or intervene in PNPM-Rural processes when it suits their interests. Contrary to common perception, the wealthy are not interested in becoming involved in development programs unless there are specific projects that would benefit them. Customary leaders are not that involved either, except the *ninik mamak* in West Sumatra and the clan leaders in Papua. Religious leaders were not interested in being involved, except in West Java. The majority is more informed about the Project than the marginalized group, but they are not actively involved in village discussions, and hence have little influence on decisions, unless they have close relations with the village leaders or customary leaders. The marginalized group is the least involved, except as construction laborers, and has little information to start with. Their voice may be heard if they happen to have a personal relationship with the activists and officials.

Special meetings for women to agree on “women” proposals, including savings and loans, increase women’s participation but decisions are still limited to the elite and activists. The participants are

usually the prospective borrowers for the savings and loans component of PNPM-Rural. These are women who have regular income (e.g., teachers, traders) and are thought to be able to repay their loans. Very few women from the marginalized group are invited to participate.

Despite limited participation, marginalized groups enjoy the benefits of the Project albeit not as much as the other groups. In fact, in case of PNPM-Rural's infrastructure, the majority of the population benefits although the project might not be their preference. Many from the marginalized group also work as construction laborers on these projects.

4.2 On Obstacles to Participation

Facilitation, which is expected to circumvent the elite dominance, is weak. *Kecamatan* Facilitators (FKs) are loaded with administrative work and focus more on project procedures than facilitating different groups, particularly the marginalized group, to enable them to have their voices heard. When these facilitators are assigned to train the village facilitators (KPMs), focus on facilitation is further reduced. Given their workload and capacity FKs are unable to assist and supervise 10-20 KPMs adequately. Facilitation needs time to deepen or advance gradually over time. Most facilitators do not have the skills for (nor the awareness of) this kind of facilitation.

The PNPM-Rural process has become routine and does not inspire participation. Facilitation for empowerment is not a quick fix that can be done by a repeated, mechanistic process year in/year out, eventually boring many villagers to get involved. **The long process and "laddering up" discussions (from hamlets to inter-village) lead to thinning participation.** Skills of facilitators, high turnover of FKs in some place, and elite intervention, all contribute to the decreasing levels of enthusiasm and expectation.

Design and institutions could not keep pace with Project scale-up. The Project was scaled up from working in 26 villages in the pilot project (1997) to 61,000 villages (2010) but the design and institutions did not adjust adequately. To keep up with the scale-up, implementation becomes more focused on administrative procedures and the process becomes more mechanical, leaving behind the facilitation for empowerment. The monitoring and evaluation follow suit. The Project is not able to monitor the quality of participation, other than quantitatively, because there are too many areas to monitor, instead of selecting some issues deemed important to the Project (i.e., participation).

Delays in disbursement are also attributable to institutional capacity. When these delays occur in a nation-wide Project, the impact is substantial. It appears that the institutional capacity is not ready to support this Project. Almost in every village in this study the delays in disbursement, especially the operational funds that come from the local government, lead to "short cuts" in the process. They create frustration among project actors and villagers. In some case, when money does not come on time (e.g., loans for planting), it ends up being used for other purposes than what it is intended for.

5. Recommendations

Community empowerment does not usually operate on a large scale because of the intensive facilitation required. A large-scale project cannot afford but a specific focus and practical objectives as they tend to be "mechanical."⁵ Therefore, we opt for redesigning the large-scale PNPM-Rural to focus on a single area to be more effective. In this case the "division" of PNPM-Rural into PNPM-Rural *Inti* and PNPM-

⁵ PNPM-Rural covers 61,000 villages in Indonesia in more than 4,000 sub-districts. More than 10,000 *Kecamatan* Facilitators (FKs) had to be recruited (half of them are engineers). They train and supervise 10-20 village facilitators in each sub-district.

Rural *Penguatan* as has been practiced for quite a few years, would provide the means to refocus the program.⁶ Given that marginalized groups' poor levels of participation, the question of increasing the number of activities moving through PNPM-Rural Inti should be carefully considered. PNPM-Rural Inti has more effectively worked with infrastructure. Increased numbers of dedicated facilitators are needed to more effectively facilitate marginalized groups and on savings and loans or they should be developed gradually through pilot activities of PNPM-Rural *Penguatan*. The followings will discuss the proposed solutions for PNPM-Rural in more details.

5.1 Selecting a single focus

Capitalize on PNPM-Rural's strength by focusing *only* on community infrastructure, which is what PNPM-Rural has done best. Although infrastructure does not yet proportionally benefit the marginalized group and probably never will, the study found that PNPM-Rural has been able to provide the needed public goods that even the marginalized group enjoy. In some villages, especially the isolated areas, PNPM-Rural has been the only program that responded to the villagers' requests. Involvement (in a broader sense) of the marginalized group is also relatively higher than in the loan activities, at least as laborers in the construction work. Quality of infrastructure has been known to be generally good and relatively cheaper than those being built by regular contractors, as previous studies of KDP have shown. Providing better access through infrastructure is a "trademark" of PNPM-Rural and it is by all means not less important than providing small loans. **Hence, the study recommends that the main PNPM-Rural (or PNPM-Rural Inti) only focus on providing infrastructure. The single focus would help ease the burden of facilitation and still bring significant benefits.** Other activities should be done selectively as PNPM-Rural *Penguatan* (see 4.2 and 4.3 below).

Simplify the PNPM-Rural mechanism without compromising public participation through plebiscites. *Kecamatan* and *desa* facilitators are not well prepared for intensive and skillful facilitation that would enable marginalized groups to participate in a more substantial manner, i.e. decision-making. In fact, finding or producing thousands of good facilitators is an enormous challenge.⁷ In addition, many villagers confess to being exhausted by the numerous meetings. Also, laddering the discussions from the hamlets up to the sub-districts did not provide more opportunities for participation. In fact, by the time the discussion reaches the sub-district, very often the voice of the people in the hamlets may have evaporated. The program requires a much simpler mechanism. **The study recommends that selection of village proposals are made through a plebiscite instead of deliberations.** This mechanism was tried out in PNPM-Rural villages several years back. This experiment shows that selection of proposals is similar to

⁶ Literally PNPM-Rural *Inti* means "main" PNPM-Rural while PNPM-Rural *Penguatan* means "strengthening" PNPM-Rural. PNPM-Rural *Penguatan* is a "refined offspring" of PNPM-Rural that has been developed to focus on a specific group or issue that needs additional inputs, including special grant money. These PNPM-Rural *Penguatan* are Green KDP (working on environmental issues), PEKKA (working with female household heads), PNPM-Rural *Generasi* (working on health and education), and SADI (on agriculture). PEKKA, in particular, has shown that strong facilitation has enabled female heads-of-households as a "marginalized group" to improve their position in the community and, for many, improve their livelihood.

⁷ After the completion of fieldwork we understand that PNPM-Rural management is undertaking substantial changes, in particular in reducing the workload of facilitators to let them have more time for facilitation. Facilitators need only to provide reports to the Kabupaten. They do not have to train the village facilitators—professional trainers will do the work. Village proposals that have been verified but not funded will be automatically funded in the following year. Other changes include training methods for facilitators that allow more reflection and groups' discussions. Results of these changes are not yet observed. (Interview with Bapak Bitu Wikantosa of PNPM-Rural Secretariat, April 29, 2010).

those being selected by deliberations. In fact, women’s proposals are more likely to be selected. Satisfaction is also rated higher when proposals are selected through direct votes.⁸

To offset the bias of hamlets with large populations, proposals should be weighted. A simple scoring system can be made, using two criteria: population size of hamlet and distance of the proposed project site to village center. Proposals from hamlets with small population weigh more and so do project sites that are further away from the village center.

5.2 Tending marginalized groups

Facilitate marginalized groups to organize to voice their needs. By definition the marginalized group lack resources, access to information, and confidence—hence, they are the groups that need special support through PNPM-Rural to ensure that their voice is properly heard and not just represented by elites. However, unlike the other PNPM-Rural programs, ***we recommend that there is no special grant awarded to these groups.*** These groups are not intended to be exclusive or become a “special” group with its own funds that might alienate them from the rest of the villagers. ***The main objective of the special facilitation is to strengthen the groups to enable them to participate more actively in decision making in village activities, including PNPM-Rural and its SPP.*** Specifically, for “leveling the playing field”, the facilitation should aim to develop the marginalized groups’ organizing capacity, negotiation skills, networking, and access to information to enable them to voice their needs and demand some response. This kind of empowerment might need two-three years to develop. Members of the groups should be targeted to the bottom 10 percent of the village population, shielding away the better-off and elite. For the first phase, pilot activities can be done in a few districts that have shown some indication of organizing capacity.

5.3 Facilitating more sustainable savings and loans

Focus only where savings and loans work with specific facilitation. There is generally no lack of demand for loans in the study sites, but only in a few cases groups are able to improve their livelihood through the loans. Findings of the study show that in most places SPP does not work as expected. Groups are just recently formed and specifically for the purpose of getting the PNPM-Rural loans. Many members, particularly the poor who are included to meet PNPM-Rural requirements, do not have any clear idea what kind of income-generating activities they would do with the loan. Their business is often not viable. Even if they have good business, there is hardly any group activity that would strengthen the group—as the borrower—and help it deal with problems the members face, e.g., in marketing and getting materials in bulk for lower prices. In very few cases, when it does work, SPP helps the marginalized group to improve their livelihood, such as the case in South Sulawesi where the group leader is very committed in helping poor women in her hamlet. In general, however, the current model appears to put SPP as an “appendix” to PNPM-Rural: relatively little focused support other than book checking, and it is not sustainable as repayment is still low (see **Chapter 2**). Clearly small credit groups under PNPM-Rural need specific facilitation, too, since their needs are different from the general facilitation PNPM-Rural provides so far. Facilitation is needed to strengthen the group and examine the problems the group faces, including in running their business(es). Treatment would be different when groups consist of members with individual business than those with group business. Obviously, such intensive assistance cannot be provided in a large scale. ***We recommend that SPP is turned into PNPM-***

⁸ See Olken, Ben (2008). “Direct Democracy and Local Public Goods: Evidence from a Field Experiment in Indonesia.” NBER Working Paper No. 14123

Rural Penguatan, too, and given only to selected areas that have proved to be working (i.e., good repayment rate).

5.4 Institutional and technical improvements

The scaled-up PNPM-Rural now requires different handling, institutionally and technically. Below are some recommendations to improve the operations of PNPM-Rural, bearing in mind that the technical improvements will not significantly encourage participation of the marginalized group.

- **Facilitation school for facilitators.** One of the most consistent findings in the study is the lack of awareness and low quality of facilitation skills of the FK and KPMD—the latter is more of an output of the weak FK. The new training school that PNPM-Rural currently works with is the right step to take to increase and improve the pool of qualified facilitators. The results are still too early to evaluate whether the school actually increases the competency of the facilitators.
- **Training, and operational costs for KPMD from UPK.** If FK is qualified, including being capable of training the KPMD, the KPMD could get a better training. The recent idea to release the FK from training the KPMD and delegate the work to professional trainers is positive.⁹ However, good training by itself is not enough. In the case of KPMD the operational costs have become a major block to enable KPMD to go to all hamlets, especially the isolated areas that usually are the furthest. Even if the work of the KPMD is intended to be partially volunteerism (the wages they get are small), it is hardly viable for most KPMD to pay for the gas (and a few of them have motorcycles) or other transportation. These operational costs can be paid by the proceeds of the *Kecamatan* UPK.
- **Focus on key participation issues to monitor and provide feedback.** For a program as large as PNPM-Rural it is hardly possible to monitor everything in detail. Hence, some priorities need to be made as to which areas the Program is interested in. These priority areas need to be reported in greater detail to have sufficient information to enable the Program to use it for necessary alteration. In participation, for example, it is not enough to report how many people, men and women, poor and non-poor, attend a meeting, but also who talks to influence the decision made. FK should be responsible for ensuring the work of KPMD, including in reporting, meets the standard. Most importantly, periodically the *Kabupaten* Facilitators should make spot checks of what has been reported (e.g., the attendance list) by the *Kecamatan* Facilitators, and report the results. Reports from the field need to be responded to, thus sending the message that these reports matter.
- **Use independent monitoring groups.** The regular monitoring should be complemented by an independent monitoring group, particularly to provide more qualitative review of the PNPM-Rural process. PNPM-Rural has been using provincial non-government organizations to do this work for quite a few years but the quality varies. PNPM-Rural should review the work and pick one or two of the best groups to work with a few others to improve the quality of the monitoring.
- **Reduce delays in fund disbursements to the field.** Delays in fund disbursements involve institutional preparedness that goes beyond PNPM-Rural. This is also an indication that PNPM-Rural has always been viewed as a project rather than a program; hence the institutional support is not adjusted to be long term. As delays have affected the quality of the program implementation significantly, serious efforts have to be made to minimize the problems.

⁹ Interview with Bito Wikantosa of PNPM-Rural Secretariat, April 29, 2010.

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