



THE LOCAL LEVEL INSTITUTIONS STUDY 3:

Overview Report



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EXECUTIVE SUMMARY

The Indonesian Local Level Institutions studies, carried out in 1996 (LLI1) and 2000/2001 (LLI2), sought to identify the preconditions for and constraints on local capacity (defined as the ability to solve common problems collectively) and the extent to which state structures complemented or impeded villagers' problem-solving efforts. In 2012, the research team returned to the same study areas in Jambi, Central Java, and NTT, combining updated versions of the qualitative and quantitative research instruments used in LLI2. The primary objective of the third round of the study (LLI3) was to trace developments in local capacity since LLI2 and evaluate these changes in light of decentralization, democratization, and expansion of participatory programs since 2001. The LLI3 findings seek to inform the Indonesian government's sub-national governance strategy, particularly the redesign of the Program Nasional Pemberdayaan Masyarakat (PNPM).

LOCAL CAPACITY

Overall, the constellation of problems LLI villagers reported, and their responses to them, have changed substantially since 2001. Villagers now report fewer collective problems, but also respond to a smaller proportion of those that remain. When they do mobilize, villagers less often find sustainable solutions. The declining rate of response is in part due to changes in the nature of problems, with increases in the share of overwhelming economic, service delivery and infrastructure issues reported. When problems are responded to, village government is more often involved, with a marked decline in the relative role of non-state community leaders.

In spite of dramatic political, economic, and social changes, almost half of the LLI villages retained the same level of problem-solving capacity as in LLI2. However, one quarter of villages, mostly in Central Java, experienced declining rates of successful problem-solving during the same period, due to deteriorating access to natural resources, nascent signs of reduced reciprocity, and unresponsive village leaders who did not work in villagers' interest. Improved capacity was mainly a reflection of villagers' own efforts to improve their livelihoods, increase control over natural resources, and sustain mechanisms to ensure that village leaders were oriented towards solving collective problems. Reformist officials also contributed to increased problem-solving capacity, as did NGOs in a circumscribed but important set of efforts to reclaim disputed land in Jambi. In these villages, changes in corporate control over natural resources and political competition at district and provincial levels have provided opportunities for villages to strengthen problem-solving.

PARTICIPATION IN ORGANIZATIONAL LIFE

As with responses to common problems, households in LLI villages are participating less frequently and less intensively in communal activities. In the face of general declines in organizational participation, however, women have dramatically increased their share of total household participation in all activities, sometimes accounting for participation shares two to three times greater than male heads of household. Notably, women's increased organizational participation has not translated



into greater prominence in village government, from which they remain absent.

The role of government in the organizational landscape has also shifted over the three LLI rounds. After substantial declines in all three provinces from LLI1 to LLI2, government has re-established itself as a formidable presence amongst formal groups in Java, but has strengthened to a lesser extent in Jambi, and continued to decline in NTT. Regional patterns also color patterns of participation. Relative to households from the Java study area, households in Jambi and NTT regions report participating in fewer activities per month but spending more time in each activity in which they participate.

Even though villagers report that infrastructure is a relatively more common problem than in 2001, the groups and activities they now participate in less often provide infrastructure benefits compared to LLI2. Further investigation is needed to identify whether the decline in community provision of infrastructure is due to the overwhelming scope of such problems or because of a shift towards other providers (such as public/private agencies and government projects such as PNPM.)

VILLAGE GOVERNMENT

Democratization has had an effect at the village level since LLI2, as term limits and educational requirements are now enforced. Most village heads have been replaced since LLI2 and in some cases the ruling families or clans have been ousted. Most elections are not rigged by higher levels of government or dominant families. At the very least, villagers now have the freedom to not elect candidates from long-standing political elites and, in some villages, there are broader slates of candidates than in LLI2 (from distant hamlets, minority religions, minority clans).

More village heads are responsive to villagers' interests. The direction of change in the quality of new village heads largely corresponds to capacity. Low capacity villages have not been able to capitalize on changes in the political environment, and therefore face equally bad or worse village heads compared to LLI2.

The rising role of government in problem-solving efforts is a reflection of the strengthened position of the village head, who now has direct links to district resources and, with direct elections, greater local legitimacy. However, strengthening the village head does not translate directly to strengthening local capacity. Additional accountability mechanisms are needed to engender synergy between strengthened village heads and their constituents. Higher capacity villages are able to hold village heads accountable for using their stronger position to address community problems, through functioning adat¹ control mechanisms or BPDs² that continue to operate as legislated in 1999. Lower capacity villages instead rely mainly on blunt electoral accountability to oust unresponsive leaders at the end of their terms.

1 Adat refers to customary law or tradition.

2 BPD, or Badan Permusyawaratan Desa, refers to village council.

STATE-SOCIETY RELATIONS

Changes in BPD structure have undermined capacity, weakening villagers' ability to monitor the village head and ensure that village government is working in the broader collective interest, rather than for exclusive individual or elite benefits. The BPD as conceived in 1999 proved to be an effective accountability mechanism in the subset of villages where the council had time to operate before it was weakened by 2004 legislation. After 2004, when the BPD was weakened by legislation, most of these villages lost the ability to control the actions of the village heads. A small number of villages in Central Java and Jambi, however, have retained the BPD's original role; in these communities the council has enhanced local capacity by channeling villagers' needs to officials and ensuring that the village government is working to address identified community priorities.

District government is not filling the accountability void left by the BPD; districts provide little supervision and monitoring of whether village heads are performing their duties or funds are used effectively. More village autonomy to use funds to address problems is needed, but this bigger role should only be provided with stronger control mechanisms.

Participatory projects could potentially be one means of better meeting local needs and increasing accountability. However, while villagers report higher satisfaction, more transparency, and better maintenance for PNPM projects relative to others, levels of participation are not markedly better. Participatory projects are more likely to reinforce existing capacity than facilitate governance improvements in lower-capacity villages. High capacity villages are better able to take advantage of the open planning and decision-making in these projects.

RECOMMENDATIONS

In LLI1, the state dominated community life

but was simultaneously disconnected from it, with high capacity villages circumventing government in their problem-solving efforts. During the turbulent times of LLI2, we saw reactions against the earlier heavy-handed state involvement in protests, election of some reformist candidates, and flight from government-mandated organizations. By LLI3, villagers and their leaders faced an environment with more readily accessible state resources, some beneficial shifts in the broader political economy, and empowerment of the office of the village head, to which a more inclusive range of candidates have been elected. These changes, largely attributable to national policy shifts, hold the potential for village government to support local problem-solving capacity.

Such synergy is a reality, however, only in higher-capacity villages that can create pressures on the village head to work in the interest of the community, rather than furthering his or her personal fortunes. In this sense, synergy is not a result of state policies, but of villagers' own efforts. Because institutional levers to consistently produce such outcomes are absent, lower-capacity villages continue to experience disconnects between their problem-solving efforts and state activities. At the village level, re-instituting the BPD as a representative body to which the village head answers is the most promising avenue for bridging such disconnects. Reviving the BPD could give opportunities to non-formal leaders to participate in problem-solving, as their role has been shrinking since LLI2. Reserving elected positions on the BPD for women candidates could help ensure that their participation in village government mirrors their increased role in organizational life.

While they persist, the basis of disconnects between citizens and government have changed from earlier LLI rounds. In the past, village government operated independently of the community because leaders represented the national state, rather than villagers. Current



village heads are no longer formally beholden to higher levels of government, but instead are often motivated primarily by their own interests or those of local elites that support them. The terms of state-society relations have undoubtedly changed, however, as even lower-capacity villages can (and do) intermittently exercise electoral accountability against unresponsive leaders. There is also evidence of very sophisticated use of the political competition brought on by democratization at all levels of government. These changes often enhance capacity, as they mobilize resources and can keep leaders' attention on village concerns. These findings argue for leaving electoral accountability mechanisms intact, possibly extending them, but certainly not curtailing them. National policymakers should also avoid further strengthening the village head, in part by protecting electoral accountability, but also by ensuring that power is more evenly distributed in the village and not concentrated in a single office. For example, the RUU³ Desa should not increase ADD⁴ funds without evidence that past allocations have been used to benefit a broad swath of villagers.

3 RUU, or Rancangan Undang-undang, refers to draft law.

4 ADD, or Alokasi Dana Desa, refers to village fund allocated by district level government from its local budget.

Even with the recommended changes at the village level, districts must do much more to complement villagers' attempts at accountability, as well as providing better direct support of village problem-solving. Existing efforts to monitor village head's use of funds are ineffective in all research areas; district officials continue to "chase targets" rather than matching villagers' needs. Many projects ignore local circumstances and are uniformly passed down to all villages. If programs were instead designed to meet identified village priorities, districts could support local capacity by not only providing direct resources to complement villagers' own efforts, but also by addressing problems of overwhelming scope, which are becoming more frequent. To achieve such a shift, district agencies must become more proactive in their outreach to villagers, while also instituting more systematic and democratic ways for villagers to bring emerging issues to the attention of district agencies (rather than relying on village heads to lobby for funds).

While participatory designs have distinct benefits, they are not having the intended effects on governance in low capacity villages. To work better, PNPM and similar programs should consider alternative avenues for reaching

low capacity villages, including less intensive participation at certain stages of the planning process (such as village-wide balloting to select final proposals) to introduce more residents to the idea of joint decision-making in villages where collective action is not customary.

Government programs, and policies such as the PNPM Roadmap, need to avoid the creation of program-specific groups to reduce the risk of further crowding out community-initiated organizations, as villagers are spending decreasing amounts of time in organizational activities. Similarly, national agencies, district offices, donors, and NGOs should design programs around existing governance institutions rather than creating project management structures that may link to but essentially circumvent village government or customary governing bodies. To thwart elite capture of decision-making, permanent institutions of countervailing power are needed, not program-specific parallel systems.

resources by clarifying boundaries and ensuring all levels of government enforce them. National NGOs and international donors need to advocate for swift but rigorous implementation of the Constitutional Court's decision. District-level NGOs should work with local communities to make sure that they are aware of their rights and to map their claims. The central government must also collaborate with district administrations to ensure that customary forests are protected by local legislation. It is particularly important that identification of property rights takes into account the perspectives and concerns of different community members, and that boundaries are clarified in advance of MP3EI implementation.

Many of the shifts over the past decade support greater synergy, but without on-going local accountability structures, there is a persistent risk of a shift back to state dominance of community life, albeit on different terms than during the New Order. Among the LLI villages, we see a strong re-emergence of the state in formal organizations in Central Java, which also has the greatest concentration of village heads that are less responsive than their predecessors. Villages in this province also show the greatest declines in local capacity. These patterns converge in a worrying trend of poor governance outcomes and unsuccessful local problem-solving.



LLI3 identified encouraging examples of villages that prevailed over corporate actors in disputes over land and resources. These successes are notable indicators of a shift in the broader political environment, but the recent victories are fragile due to a lack of clarity in land and natural resource regulations. Legislative decisions in May 2013 provide a window of opportunity to safeguard communities' claims to land and

READER'S GUIDE

The following descriptive guide contains short summaries for all seven chapters of the LLI3 Overview Report. While each summary is not always a complete list of chapter contents, each does provide a quick look at major and minor topics (and keywords) addressed and some indication of the general tenor of the conclusions reached therein.

Chapter 1 provides an introduction to the Local Level Institutions project itself – its genesis and progression from 1996 until the most recent report (LLI3 in 2013). It also provides a broad overview of some of the major revisions to the social, cultural, and political landscape in Indonesia since the LLI2 study was fielded (in 2001). In particular, changes in both the extent of, and the regulations supporting, decentralization of both fiscal resources and authority over spending that either has or has not produced more autonomy for regional governments are reviewed. Also, the revisions to democratic procedures (at various levels) and the imposition and removal of checks and balances on elected leaders are also reviewed. Both decentralization and democracy reforms are traced all the way to the local level, where they interact (or not) with participatory, community-driven development (CDD) programs and platforms (themselves increasingly popular after LLI2). This introductory chapter includes a synopsis of findings from all three LLI rounds and the conceptual underpinnings of the LLI research questions.

The concepts that are the subject and object within LLI – social capital and local capacity – are elaborated in Chapter 2. In the LLI framework, social capital makes up some of a household's (and, in the aggregate, a community's) asset

base, which may be more or less productive in helping communities solve common problems collectively (local capacity). **Chapter 2** also details the methods of data collection the LLI studies employed: a household survey, focus group discussions with community members, and key informant interviews with officials and community leaders. This chapter also discusses (briefly) site selection and provides a register of hypotheses to be tested and prior expectations held by the LLI analytical team.

To understand whether local capacity for solving problems has changed, **Chapter 3** summarizes the problems that communities face, using both quantitative and qualitative information to demonstrate changes. The chapter then looks at what (if any) collective response there is (or can be expected) for such problems, including whether the collective response was successful or less-than-successful, and who was involved in mounting the response. It provides a short case study of water management problems and their collective solutions as developed by villagers in a Central Java LLI location.

Chapter 4 delineates the proximate causes behind shifts in local capacity in LLI study villages, by looking at changes in asset bases (natural, social, financial, and human), political economy, and patterns of cooperation between actors that underlie collective responses to problems faced. A noteworthy conclusion from this chapter is that where capacity has been enhanced, the impetus has often come from within the village rather than from policies, regulations, programs, and initiatives originating outside it. Chapter 4 provides brief summaries of the actual changes in assets, including human resources and the new



actors and agents on the scene, as well as the knock-on effects on local capacity from several LLI study villages.

Social capital – defined in the LLI studies as a household level variable consisting of the engagement of individual family-members in social activities – is the subject of **Chapter 5**. Comparing LLI1 and LLI2 survey databases, Chapter 5 shows with household-level resolution what has happened to participation in community-based, collective activities since 2001. The LLI household survey databases are rich enough to examine which activity types have experienced the most change, as well as who (from the household) is participating and who (in the village more generally) is credited with establishing the group. Likewise, some of the “costs” and “benefits”, as households see them, of belonging to groups are summarized in this chapter. Chapter 5 provides a first look at within-household dynamics and decision-making and finds that – contrary to trends in more formal political and administrative structures – women

are now accounting for far greater amounts of participation than men. Additional multivariate analysis in this chapter reveals how few identity-based barriers (based on observable household and individual characteristics) there are to group participation.

Chapters 6 and 7 are concerned with formal government and its interactions with community-level actors and groups. Both chapters attempt to diagnose whether, and to what extent, local government (Chapter 6) and above-village government and project spending determined outside the village (Chapter 7) supports or hinders good governance, development planning, and effective problem solving at the village level.

Chapter 6 recapitulates the national-level policy directions and regulations that have shaped the local and regional political environments. It summarizes responses to these policies, demonstrating that some villages protected

local-level checks and balances on the elected village executive, even when such features are absent from higher-level legislation. In high capacity villages, local-level institutions filter national legislation to keep it in line with village preferences and technologies for good governance.

Chapter 7 looks beyond the village to determine what role the district has performed in supporting village-level priorities for development spending, management of public resources, and inputs to decision-making processes. There is also a review of village-level experiences with participatory CDD programs, which in the case of contemporary Indonesia are funded largely by the central government. Villagers have positive impressions of the CDD model as practiced in their areas – reporting greater transparency, less corruption of funds designated for development, and higher satisfaction with CDD-procured outputs – but the CDD initiatives by themselves have not improved governance in lower-capacity villages.

Chapter 8 suggests conclusions and recommendations apposite for contemporary Indonesia, where debate continues on the limits and shape of decentralization and the extent of “locally-driven” development spending. There are boxes with LLI-based inputs for five different planning and policy initiatives currently either awaiting implementing regulations (the “master plans” for development and poverty reduction and the CDD “roadmap”) or being debated and revised in the national parliament (the laws on village administration and various pieces of legislation and policy plans that conflict with land and natural resource ownership and control rights as currently formulated). More generally, Chapter 8 provides evidence-based advice on the overarching issue of interest to the LLI project: the potential positive synergy between local-level actors, their locally-developed solutions for achieving their goals and desires, and the formal governments (at any level) that could support

such efforts. There are three subtopics visited: suggestions for increasing the responsiveness of local and supra-local governments to community desires; for enhancing and providing low-cost access to the structures that produce accountability of formal government as it delivers goods, services, rights, and opportunities; and for encouraging formal government to take a more active (and impartial) role in conflict resolution, including between villages, sub-districts, or districts, when there are competing claims to productive, natural resources.

CHAPTER 1: INTRODUCTION

The Indonesian Local Level Institutions studies, carried out in 1996 (LLI1) and 2000/2001 (LLI2), sought to identify the preconditions for and constraints on local capacity (defined as the ability to solve common problems collectively) and the extent to which state structures complemented or impeded villages' problem-solving efforts (see Boxes 1 and 2). LLI1 documented the substantial local capacity that remained in spite of the New Order state's attempts to undermine community organizing, and documented the disconnects between villagers' collective action and local government. LLI2 reflected the early stages of three major political developments – decentralization, democratization, and an emphasis on community control over decision-making in development programs – that began in the late 1990s. Each of these changes has involved continued shifts in power and other resources, between Jakarta and districts, officials and voters, as well as between elites and a broader cross-section of citizens.



The primary objective of the third round of the study (LLI3) is to trace developments in local capacity since the 2000/2001 round of the LLI study (LLI2). The current study also aims to link changes in local capacity to shifts in the influence of different groups of community-members over government decision-making, project implementation, and state resources at the district and village levels. The LLI3 findings seek to inform the Indonesian government's sub-national governance strategy, particularly the redesign of the Program Nasional Pemberdayaan Masyarakat (PNPM). The research also contributes a village-level perspective to debates over the dynamics and location of power in Indonesia (Hadiz 2010; Van Klinken and Barker 2009), as well as to broader discussions over the role of decentralized governance in improving welfare and political participation (Grindle 2007).

As background to the LLI3 research design (section II) and overall findings (section III), section I provides an overview of the effects that the past decade's policy changes, in particular the three major changes mentioned above, have had at the village level. These general patterns provide context for the specific changes that have taken place in the LLI villages.

I. Ambiguous policy changes in village governance since 2000

The post-Soeharto political changes towards more decentralization, democratization, and an emphasis on community control over decision in development programs, had the underlying assumption that improved responsiveness to community-level demand will produce better development outcomes and strengthen local-level⁵ governance. However, as detailed below, each change contains contradictory elements, and the overall effect on government responsiveness and state-society relations at the village level is ambiguous.

⁵ While "local" often refers to the district (kabupaten) level in discussions of Indonesian governance, the LLI studies use the term to describe village (desa) government and social structures.

Autonomy (almost) without control over resources. Since the turn of the millennium, Indonesia has shifted from a highly centralized and authoritarian bureaucracy to a democracy with delegation of resources and decision-making to district levels. With Laws 22 and 25 of 1999 on Regional Government and Fiscal Balance (which were later replaced by Laws 32 and 33 of 2004), the responsibility for public health services, education, economic development and more than 20 other government functions were decentralized to district (kabupaten) governments. Around one third of public spending in Indonesia is today done by district governments.

The decentralization laws have placed the village (desa) in a relatively stronger position in the administrative hierarchy. It is now the next level of government after the district, as the subdistrict (kecamatan) – which used to be the government level between the two – has been turned into an extension of the district. As implemented, however, the ability of village government to exercise this new power remains ambiguous – while the village is autonomous, it has little control over resources to support village development. Neither Law 32 of 2004 nor Government Regulation 72 of 2005 (deriving from the former) stipulate the management of natural resources, such as forests, by the village. The law and regulation only allow villages to get revenue from such things as village-owned markets, quarrying charges, minibuses entering the village, villagers' contributions, etc., which constitute a small proportion of village budgets. Most forests, for example, are controlled by the central government. The central government issues rights to private companies to exploit the forests for various purposes, but the boundaries of the concession often overlap with areas that villages claim to be their ulaya – land and forests that for generations have been recognized as belonging to the village – leading to conflicts as found in many LLI3 villages. District governments may initiate resolutions that favor the villages, but such

district-level decisions could be easily overturned or not recognized by national regulations.

Lacking sufficient funds, villages are dependent on transfers from the supra-village governments. In 2009, a village typically got development funds of between IDR 250 million and IDR 500 million (Antlov and Eko, 2012). However, many villages have less than half that sum to manage in their village budget, known as APB Desa. Most of these village budget funds come from the district grants, known as Alokasi Dana Desa⁶ or ADD (Village Allocation Funds), which finance operations and development activities.⁷ Other funds (off-village budget funds) come from projects from higher levels of government, particularly the central government through PNPM, its community-driven development (CDD) program. District-level projects, especially from various technical agencies, are pre-determined (e.g., types of training, agricultural inputs and tools, cattle, etc.). Villages just accept them as they are (see Chapter 7 for further discussion of LLI3 village development funds).

Starting in 2008, villages were required to develop a medium term village development plan (Rencana Pembangunan Jangka Menengah, RPJM Desa) and annual work plan (known as Rencana Kerja Pemerintah, RKP Desa), with very limited support from the districts. In 2010, PNPM started to assist villages to develop their village development plans. However, there are no rules for supra-village agencies to use or refer to for the village development plan of the village they work in. District agencies are required by law to refer to the district medium-term plan, not to the medium-term village development plans. Consequently there is a disconnect between the two plans. Having their own objectives, funds and

⁶ Some districts call these grants Dana Alokasi Desa (DAD). However, the abbreviation ADD is more widely known. Districts develop their own formula to allocate the grant to villages, using common variables such as population size and number of poor households.

⁷ The district budget (APBD Kabupaten), the source of ADD funds for villages, allocates more to salaries than to development. In 2011, more than 60% of 491 districts/municipalities spent more than half of their budgets on salaries. (Kompas, 27 November 2012)

mechanisms, supra-village government programs hardly ever bother to refer to the medium-term village development plans. These plans are therefore often by-passed by supra-village projects, including by the district (Suhirman and Djohani 2012; Percik 2012).

In sum, despite autonomy, development is mostly driven by supra-village agents. Villages remain dependent on district and central government allocation decisions and have meager funds to support local priorities.

Democracy without checks and balances. Electoral democracy has inarguably blossomed in Indonesia during the past decade. Parties have proliferated, and a series of elections have been held, with direct election of executives, including village heads, and legislators. More political space has been afforded civil society groups, especially at the district level, some of whom are successfully working with elected officials to improve responsiveness to local needs (Antlöv & Wetterberg 2011; Freedom House 2011). In spite of openings in the democratic landscape, however, high educational requirements and escalating campaign costs effectively limit the opportunities to stand for office. As a result, many of the same elites retain control of district executive and legislative offices as during the New Order (Buehler 2010).

At the village level, there has also been a contradictory institutional development. A year after the fall of the New Order, Law 22 of 1999 on Regional Governments was passed, to be enforced in 2001. A “radical” change from the existing, heavily central-controlled law (Law 5 of 1979), it introduced a legislative body or a village representative council with elected members (Badan Perwakilan Desa, BPD, Village Representative Body) to provide checks and balances in village government. With this law, a village head was accountable to the representatives of the villagers (BPD) and to the head of the district that provided funds for

villages. Villages were no longer accountable to the sub-districts. Village heads also had direct access to the district head. Villagers, as recorded in the LLI2 villages⁸, welcomed the elections of their representatives to watch over the village executive; it meant that villages were becoming like any other level of government above it. BPD members, on the one hand, felt empowered, being directly elected by villagers to oversee the village government, although most were still unsure about what the BPD really was and how it could function properly, as little capacity building, or supervision, was provided to members. On the other hand, many village heads felt unhappy as they no longer had uncontested control of the village as they had done during the New Order. Relations between the two – the executive and legislative bodies – were turbulent in many villages. Often the chair of the BPD was the rival of the village head in the village head elections; although the rivalry may have started long before the village head and BPD elections. The elections simply provided another open arena for this power struggle. Some village heads tried to “tame” their rivals, deliberately working to have them elected as chair of the BPD, hoping that it would ease the tension. That worked in some cases. In other cases, however, the rivalries continued and village heads complained that they could not run the government effectively as the BPD regularly blocked their programs.

Before the dust settled, and without sufficient time for the law to work, Law 22 of 1999 was replaced by Law 32 of 2004, showing a change of heart by the central government. Hence, the radical change was not viewed as a genuine intention for change but more as a necessity under the circumstances at that time: “Given the political context in which the legislation was introduced [Law 22 of 1999], regional autonomy had to be understood primarily as a policy instrument directed towards national preservation, with questionable commitment

⁸ The LLI2 study was underway when the law was enforced. At that time 50% of LLI2 villages had elected their BPDs.

from Indonesia's national elite" (John F. McCarthy & Warren 2008, 4).

The new law provided more authority to the province to supervise the districts and introduced popular election of governors and district heads in provinces and districts.⁹ As far as villages were concerned, one significant change was the disempowerment of the BPD, as a result of lobbying by the village head association which felt that the BPDs created conflicts and paralyzed village government (Antlov and Eko 2012). The new law stipulated that BPD members should be appointed by consensus by community leaders and other elites. The name was also tweaked, to Badan Permusyawaratan Desa (Village Consultative Body). While exactly the same abbreviation (BPD) was retained, the meaning is significantly different. The previous name, Badan Perwakilan Desa, referred to (elected) representation, while the new one refers to consensus-building, subordinating the BPD or legislative power under the village head.

Under the present system, BPDs can only give advice or input into decisions; it does not have control over the village government. The village head is accountable only to the district head (submitting an annual report to his or her office), and to the community through elections every six years. The village head basically has a free hand to govern as he/she sees fit.

Further changes to village government may still be in the pipeline. At the time of writing, pressure to give more power and resources to villages has led to the preparation of a separate village law. Two contentious issues include debate over (1) whether villages are autonomous, in a similar way to districts, or administrative units under the district, and (2) the proportion of the state budget to be allocated to villages, which could double the funds villages receive today.

⁹ The law is now being revised and may include the revision of governor elections, from direct popular vote to a return to parliamentary vote.



Patching the gap through participatory development projects. Over the past decade, the Indonesian government has increasingly involved citizens in community development, with priority projects identified and funds allocated through planning mechanisms at village and subdistrict levels. The Indonesian government – with support from the PNPM Support Facility (PSF) – has participated in this shift with their KDP¹⁰ /PNPM portfolio of programs, which transfer funds to sub-districts to encourage the participation of a broad swath of villagers to identify development priorities and to allocate these resources equitably across the subdistrict. Originally operating in only a handful of subdistricts, PNPM has grown to support service delivery, infrastructure improvement and other priority investments in all of Indonesia's rural districts and more than 60,000 villages. Through PNPM, communities have shown that with support, funding and opportunities they are capable of planning for quite complex projects (see, among others, Voss 2008; Syukri et al. 2010; Barron et al. 2011).

Such CDD programs emphasize participation, transparency, and accountability in their operations. The intent is that these practices will be more broadly adopted and integrated into village governance. Assessments have shown,

¹⁰ KDP, or Kecamatan Development Program, is the predecessor of PNPM Rural.

however, that the extent to which such principles proliferate beyond project activities depends largely on the skills of the program facilitators. As CDD projects have proliferated to cover all villages, ensuring high quality facilitation has been an accompanying challenge (AKATIGA 2010; Sari, Rahman, & Manaf 2011). The extent to which CDD programs really embody the expected principles is thus variable, as are the possibilities for transfer of principles and structures beyond the programs (Barron, Diprose, & Woolcock 2011). The overall patterns remain unclear. Given the weak accountability mechanism and limited funds for villages to manage, CDD projects, such as PNPM, appear to serve as a stopgap, to facilitate villagers to participate actively in their village development through projects, rather than institutionalized mechanisms for providing input to village government leaders in the use of community resources.

In summary, the shifts in democratization, decentralization and CDD projects have signaled some positive changes at the village level. However, these shifts have not yet resulted in institutionalized practices that consistently empower villages to have more control over their village leaders and voice in the direction of their development.

BOX 1: Summary of major findings from first round LLI research (LLI1)

I. Positive link between social capital and household welfare

Households with high social capital stocks have higher expenditure per capita, more assets, higher savings, and better access to credit. The main reasons given for joining groups are benefits for household livelihood and protection against future risk. Social capital plays a role in household welfare through (i) sharing of information among association members, (ii) reduction of opportunistic behavior, and (iii) improved collective decision making. The effect of social capital stocks on household welfare is roughly

similar to that of human capital endowments. Returns to investments in social capital are higher for the poor than for the general population.

II. Strong local capacity for collective action

More than 80% of households surveyed in the first round participated at least once in community activities to meet collective needs during the past year. Communities plan and implement almost as many projects as the government does, and community projects are better able to reach intended beneficiaries and considerably better at maintaining completed projects. Even communities with relatively weak organizing capacity have effective groups and projects, but they are fewer, smaller scale, and tend to be undertaken at the neighborhood, rather than the village, level.

III. Government does not work well with the existing capacity

In general, the Indonesian government has not been successful in working with existing capacity to improve planning and implementation of projects and services. Collaborations tend to take place within communities, with similar groups rather than with government. Eighty percent of linkages outside the community are with groups not initiated by government. However, communities with high organizing capacity tend to have better performing village governments, pointing to improved accountability and participation in government decisions in communities that are better able to organize.

IV. Disconnect between communities and government

Village level government tends to represent higher levels of government, rather than village constituents. The government has undermined local capacity through restrictions on organizing projects and services, as well as low levels of support for community-initiated projects (12% of funds come from the government with the remainder largely raised by community donations). The government's bottom-up

planning process is not responsive to locally identified needs and does not reward better organizing capacity. Mismanagement of project funds and failure of government-initiated projects has led to disillusionment with government provision of services.

Exceptions occur in cases where pro-active village heads (found in less than one third of communities) are able to facilitate linkages between government and community leaders and mediate in conflicts. In cases where village heads are not seen as cooperative, the only option is to break off relations (more than half of active community groups report no active involvement with village head). Communities with the lowest organizing capacities also have the worst performing village governments.

V. Government barriers have resulted in institutional gaps

Largely due to restrictions on private service provision, institutions that could have important consequences for poverty alleviation and political development are missing at the community level. Most notably, groups for collective production and marketing, environmental management, and political organizations aside from village government are absent.

Sources:

Chandrakirana, Kamala. 1999. "Local Capacity and Its Implications for Development: The Case of Indonesia." World Bank/Bappenas, Local Level Institutions Study. Jakarta.

Evers, Pieter. 1999. "Village Governments and Their Communities." World Bank/Bappenas, Local Level Institutions Study. Jakarta.

Grootaert, Christiaan. 1999. "Social Capital, Household Welfare and Poverty in Indonesia." World Bank, Social Development Department, Washington, D.C.

Grootaert, Christiaan. 1999. "Local Institutions and Service Delivery in Indonesia." World Bank, Social Development Department, Washington, D.C.

II. Summary of the LLI conceptual framework ¹¹

The conceptual starting point of the LLI studies is that state-society synergy is possible, by increasing the responsiveness and accountability of government. There is some debate over whether synergy, defined as active governments and mobilized communities enhancing each other's developmental efforts (Evans 1996; Varda 2010), is attainable. Some observers argue that the state is ill-positioned to create synergy (Fukuyama 1995), but others find that the state can effectively strengthen community mobilizing efforts (Varda 2010, 899, citing Huntoon 2001; Warner 1999 & 2001). The state is itself a contested entity, reflecting shifting alliances and boundaries with other social groupings (Migdal 2001). Whether the state supports, undermines, or operates separately from local problem-solving efforts is thus a reflection of the boundaries drawn between state and society and what segments of society are represented by the state.

To assess shifts in state-society relations, the LLI studies rely on the concept of local capacity, defined as the ability to solve common problems collectively. Local capacity can be broken down into several elements (Bebbington, Dharmawan, Fahmi, & Guggenheim 2006, 1962-1963):

- Assets include both tangible resources, such as materials and money, and an organizational infrastructure that villages can use to mount a collective response to problems. The organizational landscape is the aggregate of household social capital (see Chapter 2). Access to organizational assets, such as physical resources, may be distributed unequally across a community.
- Political economy captures the power relations within the village (including the basis, status, and attitudes of local state and non-state leaders) and the related distribution of assets. Further, the

¹¹ For details, see Chapter 2.

concept includes power relations with external actors (business, higher levels of government, NGOs, etc.) The political economy determines which and whose problems are addressed collectively and also relates to problems created by specific constellations of relations and connections (elite monopolization of input/output channels, companies' claim to natural resources, corrupt officials, etc.).

- Sources of capacity shifts are linked to three sets of actors. Changing patterns of collaboration and conflict in a community can be due to cooperation (or lack thereof) between villagers themselves. Capable leaders within village government may also account for shifts in collective mobilization to respond to common problems. Finally, connections outside the community are often instrumental to successful problem-solving efforts (Chandrakirana 1999; Dharmawan 2002).

Each of these elements of capacity may or may not be linked to the state. For example, the organizations that are used to mobilize a collective response could be government-mandated, or networks that have emerged independently from government. Resources mobilized to address a common problem may come from private sources or from government programs and services, or a combination. Similarly, to the extent that capacity relies on leadership, it may be provided by state or non-state leaders. For each of the elements of capacity, the extent to which state actors, organizations, resources and rules are positive contributors to problem-solving efforts provides evidence of synergy.

LLI3 is the third round of the longitudinal LLI studies, which have used a combination of comparable qualitative and quantitative methods

to assess local capacity (see Chapter 2 for details). Given the qualitative nature of much of the data gathered, the purposive selection of research locations, and the small size of the sample, it is important to note that this research is not representative of Indonesia as a whole. Rather, the study consists of a collection of detailed longitudinal case studies of the role of local capacity and state-society relations in community welfare in seven of the country's almost 500 districts.

BOX 2: Summary of LLI2 findings

The second round of the LLI study in 2000/2001 took stock of social capital, local capacity, and state-society relations since LLI1 in 1996.

I. Shifting organizational landscape:

There was a decline in memberships in government-initiated groups, which many households had replaced with participation in non-government groups. Shifts in type were also evident, with a rise in social service organizations reflecting changing needs after the 1997/1998 financial crisis. The data also showed that government-mandated groups tended to reserve benefits for members, while other types of groups had positive welfare spillovers even for villages that did not participate.

II. Problem-solving capacity remains:

Sixty-five percent of problems identified by villagers were completely or partially solved. Unsolved problems were often those of overwhelming scope. Capable village officials could augment village capacity to solve non-local problems, but if such official willingness or ability was absent, high capacity communities found external agents to help them address non-local problems. Higher levels of organizational membership were associated with higher local capacity but more frequent participation in mandatory organizations was associated with lower capacity. There was also a tendency for low capacity communities to enter a vicious cycle; past inability to solve problems undermined

cooperation and sometimes increased competition such that new challenges were even more unlikely to be overcome.

III. Some opening of village government, but little effect on outcomes:

In spite of political changes underway after 1998, villagers reported little participation in planning, with women and poor households particularly unlikely to participate. Government projects show some increased opportunities for villagers to contribute to decision-making, but most projects still produce unsatisfactory outcomes. Villagers had initiated protests against many village leaders, but these rarely brought lasting change. Even for newly elected village heads who were more open to community input, good intentions were difficult to sustain as there had been little change in surrounding institutions, such as accountability mechanisms, and means of rewarding better performance. The BPD were operating in some villages but faced the same limitations as other officials (no clear expectations of improvement, passive, inadequate compensation).

IV. Recommendations:

Further decentralization should ensure that local government enhances local problem-solving capacity and needs for accountability mechanisms. An important element of reform is to introduce a reward structure that encourages village officials to identify local needs and support community problem-solving efforts.

External projects should identify how resources are best channeled into the community to integrate with local problem-solving efforts and with local government channels. Designs need to include mechanisms to merge community and government leadership roles in project implementation to allow for selection of individuals with the most appropriate skills, connections, and resources in a given project.

Sources:

Bebbington, A., Dharmawan, L., Fahmi, E., & Guggenheim, S. 2006. Local capacity, village governance, and the political economy of rural development in Indonesia. *World Development*, 34(11), 1958-1976.

Dharmawan, L. 2002. "Dynamics of Local Capacity and Village Governance: Findings from the Second Indonesian Local Level Institutions Study. Central Java Report." Jakarta: World Bank.

Wetterberg, Anna. 2002. "Social Capital, Local Capacity, and Government: Findings from the Second Indonesian Local Level Institutions Study." Jakarta: World Bank.



III. Summary of LLI3 findings

Using the concepts and methods outlined above (and detailed in Chapter 2), the LLI3 study aimed to answer five research questions. The findings relevant to each question are summarized below.

1. What local capacity exists to solve common problems? How has this capacity changed?¹²

Compared to LLI2, the total number of problems reported declined; this finding may reflect a more "normal" level of collective challenges during LLI3 compared to the highly turbulent end of the millennium, when Indonesia experienced political transition, economic crisis, and social discord.

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See Chapters 3 and 4 for details.



However, a smaller proportion of problems was also responded to collectively in 2012, and with slightly lower rates of success, indicating a general pattern of decline in local capacity. At the aggregate level, the decline is partly explained by a rise in the proportion of problems of overwhelming scope, such as high input and low input prices and costs of health and education services. Villages mobilize less often in the face of such problems and are rarely able to resolve them when they do organize.

Analyzing problem-solving by village, the greatest number of villages had no change in capacity since LLI2. This group largely experienced self-reinforcing higher capacity; villages considered high or medium capacity in LLI2 have been able to draw on existing assets and social structures to address and solve problems faced during the intervening years. Roughly equal numbers had reduced and increased problem-solving abilities compared to LLI2 and enhanced local capacity, indicating that unaddressed and unresolved problems are concentrated in a few villages, rather than spread evenly across the study communities. Villages with declining capacity are most concentrated on Java, and tend to face deteriorating assets (natural resources and reciprocity) and less responsive village officials. In contrast, Jambi villages are more likely to have

increased problem-solving capacity since LLI2. Interestingly, some LLI2 low capacity villages which were expected to spiral down as they would be unable to deal more with problems, have improved their capacity with improvements in assets largely due to villagers' own efforts.

*2. What factors influence variations or changes in local capacity – to what extent do factors controlled by the community account for variation and change? To what extent do factors beyond the community's control explain differences?*¹³

Cooperation among actors in the village influences shifts in capacity. Villagers continue to mobilize in response to collective problems, organizing water usage schemes, rotating labor groups, and technical solutions such as micro-hydropower plants; but there are also some signs that collaboration between villagers is declining. Participation in community activities has decreased, as have rates of collective problem-solving. However, the study also found that in upland areas in Jambi, resilient adat¹⁴ systems remain a means of mobilizing community members for problem-solving efforts, mediating inter-elite conflict, and holding both state and community leaders accountable.

Collaborating with reformist officials, particularly village heads, is an important factor in strengthening capacity. High capacity villages tend to have more responsive village heads and declining capacity villages lack them. Village heads have gained prominence with decentralization and those with strong networks can bring resources to the village to enhance capacity. However, if these new resources benefit only a small group, capacity is undermined due to other villagers' dissatisfaction, unwillingness to collaborate, and internal conflicts. A village head is likely to be reformist if there are accountability mechanisms from the community (using adat

¹³ See Chapters 4, 5, and 6 for details.

¹⁴ Adat refers to customary law or tradition.



structure) or other state institutions (BPD, and potentially, district government). Where such mechanisms exist, there are numerous examples of officials in LLI villages collaborating with community members to address problems.

Shifts in corporate control over natural resources and political competition at district and provincial levels have provided opportunities for villages to strengthen problem-solving capacity.

Collaboration with the district and other external agents can turn out to be important to assist in solving problems. Often, however, taking advantage of opportunities and arranging collaborations depends on having a pro-active village head to pursue these resources and use them to address villagers' problems. In LLI2, villagers in high capacity villages are able to circumvent an uncooperative or incompetent village head to access external resources for problem-solving. With the concentration of funds at the district, however, the village has become a more critical actor, whose cooperation is needed to benefit from district help.

3. What effect has changes in local capacity had on poor and marginalized groups in the community? How are these different from effects on other residents?

The LLI3 qualitative instruments were revised from prior rounds to provide more details about the involvement of poor households and women in problem-solving efforts. Unfortunately, it proved difficult for field researchers to hold separate focus groups with the intended participants. The LLI3 data are therefore not able to provide detailed analysis in response to this research question.

Given the strengthened role of the village head in local problem-solving, however, it is notable that women have not gained access to this office in the LLI villages. In LLI2, there was one female village head; in LLI3 there were none.¹⁵ Further, there are few signs that women are running for office. While women are active in the BPD in some villages in Java and NTT, and women continue to lead village groups, the most influential and resource-rich positions in the village government continue to be occupied by men.

Within households, however, the survey data show that women have become much more active than their husbands in social activities.¹⁶ While participation has decreased overall, women

¹⁵ One woman had been elected village head in the desa induk of one of the villages that had split since LLI2. The LLI3 field researchers focused their primary efforts on the other part of the split village, in which most of the population lived and in which the same village head remained as in LLI2. It was noted, however, that the female head in the smaller village was a stand-in for her husband, who was still working as a civil servant and was therefore ineligible to stand for office.

¹⁶ See Chapter 5 for details.

have shifted from a minority share in participation in the most popular activities to a majority share. In particular, women's participation has increased in social service, credit/finance, and religious activities. Notably, however, there has been no increase their participation in workers/governance activities, indicating that barriers to women's involvement may remain in these groups.

The quantitative data show that there are no entry barriers to participation in activities and group based on education, income, or other household background characteristics.

4. What is the relationship between local capacity and local government – what implications do changes in local capacity have for local governance? What effect have changes in government at the village and district levels had on local capacity?¹⁷

Village government plays a larger role in collective problem-solving efforts than in LLI2. As noted, the office of the village head has been substantially strengthened since LLI2, with increased resources at the district level. Reformist, pro-village village heads are able to help villagers solve their collective problems and improve village development, especially when they are externally well connected. The position is also more open to a broader range of candidates than in the past. Autocratic and unresponsive village heads, on the other hand, thrive at least during their term as there is no effective formal mechanism of control in the village. They use their position to (disproportionally) benefit themselves, including supporting their political career.

Higher capacity villages are able to hold elected village heads accountable. Noticeably better LLI3 village governments tend to have functioning control mechanisms of adat rules or a BPD operating according to the body's original conception. Without these, villages rely mainly on electoral accountability, although there are

¹⁷ See Chapters 6 and 7 for details.

some encouraging signs that they have learned to use protests more effectively than in LLI2. In sum, strengthening the village head does not translate directly to strengthening the village community. Additional accountability mechanisms are needed to engender synergy between strengthened village heads and their constituents.

Changes in BPD structure have undermined capacity, weakening villagers' ability to monitor the village head and ensure that village government is working in the broader collective interest, rather than for exclusive benefit of individuals or elites. District government is not filling the accountability void left by the BPD as districts provide little supervision and monitoring of whether funds are used as intended or programs benefit villagers. Districts have few mechanisms to identify local needs, but for the most part are responsive to village officials when they lobby or pro-actively seek out district officials. Districts have far greater resources for villages than ever before, but funds rarely address local priorities or problems. Many supra-village government projects remain pre-determined.



5. What, if any, has been the role of PNPM in enhancing local capacity and improving the quality of local government?¹⁸

¹⁸ See Chapter 7 for details.

Participatory projects, including PNPM, are more likely to reinforce existing capacity, rather than facilitating governance improvements in lower-capacity villages. Such programs work better in high capacity villages; in low capacity villages, levels of participation have remained more or less the same. High capacity villages are better able to take advantage of the open planning and decision-making in these projects.

IV. Organization of report

The report is organized to allow the reader to focus on particular aspects of the study. Those who wish to further familiarize themselves with the conceptual framework underlying the study and the methods used should continue to Chapter 2. Readers interested in specific elements of the research can skip ahead to subsequent chapters, which loosely correspond to the research questions. Chapter 3 outlines the problems villages face and assesses overall capacity, while chapter 4 identifies existing capacity and factors underlying changes in problem-solving ability. Chapter 5 focuses on changes in the organizational landscape, and household participation in the groups and activities of which it is composed. The role of the state in problem-solving is addressed in Chapter 6, which concentrates on village government, and in Chapter 7, which describes the changing role of the BPD, district, and participatory projects, such as PNPM. These chapters present detailed data from the LLI3 research, closing with a short overview of results and implications. Chapter 8 focuses on the general implications of the findings.



CHAPTER 2: CONCEPTUAL BACKGROUND, RESEARCH DESIGN & METHODOLOGY

Conceptual background ¹⁹

The conceptual starting point of the LLI studies is that state-society synergy is possible, by increasing the responsiveness and accountability of government. There is some debate over whether synergy, defined as active governments and mobilized communities enhancing each other's developmental efforts (Evans 1996; Varda 2010), is attainable. Some observers argue that the state is ill-positioned to create synergy (Fukuyama 1995), but others find that the state can effectively strengthen community mobilizing efforts (Varda 2010, 899, citing Huntoon 2001; Warner 1999 & 2001). The state is itself a contested entity, reflecting shifting alliances and boundaries with other social groupings (Migdal 2001). Whether the state supports, undermines, or operates separately from local problem-solving efforts is thus a reflection of the boundaries drawn between state and society and the segments of society that are represented by the state.

From this perspective, a critical aspect of improved government responsiveness is to enhance, rather than displace, existing local capacity to organize and engage in development activities. As LLI1 showed, in spite of three decades of government efforts to deliver uniform

programs through state-imposed structures, communities retained varying capacities for autonomous problem-solving through collective action (see Chapter 1, Box 1). During the New Order, in its drive for control through uniformity, the central state was the main driver of change, repressing and undermining local initiatives. Local capacity survived in spite of, rather than supported by, government. While LLI2 found nascent shifts in village government towards greater openness and concern for community needs, significant gaps remained between community priorities and official efforts in 2000/2001 (see Chapter 1, Box 2).

The past institutional environment in Indonesia produced patterns of disconnect between villagers problem-solving efforts and government processes (Antlöv 2003; Evers 2003) or, worse, monopolization of benefits by governing elites, including misuse of public resources, to the detriment of villagers' mobilizing to address problems (Hadiz 2010; Priyono, Samadhi, & Törnquist 2007). Ideally, the three political shifts – decentralization, democratization, and an emphasis on community control over decision in development programs – outlined in Chapter 1 provide opportunities to re-enhance local capacity through state-society synergy. Because of the ambiguity of these shifts and the persistence of past practices, such as a large public service budget under the control of central government despite decentralization, the reality may be far from this ideal in many parts of Indonesia, where predatory elites hold sway (Hadiz 2010) and neo-patrimonialism in which loyalty is secured by using state resources is the dominant pattern of state-society relations (van Klinken & Barker, 2009). However, others see encouraging evidence of synergy; in one long-studied urban community in Yogyakarta, Guinness (2009, 251) finds that “[s]ince the demise of the authoritarian New Order... it is even less obvious that communities are simply the agents of state policy. What seems evident is that communities and individuals in those communities have their

¹⁹ The research questions (see Chapter 1) are based on these concepts..

own interests and strategies which somehow accommodate those of the state in a relationship where neither is supremely dominant and the balance is constantly changing.”

LLI3 is an empirical investigation of the patterns of state-society relations in the research sites and what their implications are for villagers’ efforts to address problems. We look at “historically specific constellations of power and interest” (Hadiz 2010, 7) and their consequences for and interactions with local capacity over the three rounds of the LLI study.²⁰ Even slight or partial shifts in power relations between the village head and villagers, as well as between the village and supra-village governments may have an effect on what problems are addressed, the extent to which they are resolved, or whose problems are viewed as collective issues worthy of attention. For instance, the reduced control of the military over timber and mining concessions during the past decade has enabled villagers to negotiate directly with companies over access and distribution of benefits (Wollenberg 2009, 251). Although communities may not be equal partners in these negotiations, and village elites continue to benefit disproportionately from natural resources, the changing political landscape has opened up a means of addressing resource competition that was not available a decade ago. Focusing on small changes shifts the emphasis from “understand[ing] how predatory systems of power remain resilient” (Hadiz 2010, 3), to tracing a possible emergence of elements of a developmental state (Evans 1995) by focusing on government officials’ behavior (Migdal 2001).

Social capital and local capacity

To assess shifts in state-society relations, we use two key concepts: social capital and local capacity. Social capital has taken on a variety of meanings in a range of contexts.²¹ For the LLI research,

²⁰ The techniques and analysis share elements of the political economy approach (Manor 2011, Powis 2010).

²¹ Social capital sometimes refers to social ties held by individuals, as in the original definitions by Coleman (1988) and Bourdieu (1979), and other times as a communal resource, (as Putnam applies it in his study of Italian governance (1993)). Social capital at times describes social ties themselves, but in other research also encompasses the benefits that

we define social capital as the information, trust, and norms of reciprocity originating from individual’s social networks (Woolcock 1998). This definition clearly treats social capital as a resource belonging to individuals, rather than an asset held collectively by the community. Even though organizations and networks, which are undoubtedly community-level features, are critical to the definition of social capital, we focus on the participation and membership in these networks as embodying social capital itself.

To operationalize the concept, we use social capital as a household-level variable made up of individual family-members’ engagement in social activities. At the household level, social capital stocks allow us to analyze families’ participation in organizations and communal activities, to break these down by state and non-state sponsorship, and to link these levels to household characteristics (such as wealth, size, gender of household head). Comparing differences in household patterns of social capital across the community reveals which subsets of villagers are marginalized from organizational life and state organizations, and can point to consequences for household welfare (Wetterberg 2007).

We define local capacity as the ability to solve common problems collectively. Local capacity relies on organizational resources evident in social capital, but is a community-level phenomenon. Local capacity can be broken down into several elements (as discussed in Bebbington, Dharmawan, Fahmi, & Guggenheim 2006, 1962-1965):

1. Assets – or capitals are resources villagers can mobilize to solve problems. They are not just things people have but also sources

accrue to these ties (Portes & Sensenbrenner 1993). Some definitions of social capital are synonymous with trust (Fukuyama 1995), while others use the term to mean social structures such as networks and associations (Coleman 1988; Putnam 1993). Finally, the use of the “capital” metaphor implies that social capital is always a positive resource that facilitates transactions and accumulation of wealth. However, as empirical studies have shown, the values and networks that social capital embodies can entail serious costs in the form of downward leveling norms, elite capture, and demands on successful members (Portes & Sensenbrenner 1993).

of their power. They include natural, human, financial, physical, cultural and social capitals. For example, the natural resources a community has and the community's rules about how to manage or exploit these resources for their livelihood are assets that become the basis of their capacity. Their skills, their alliances and networks, their financial resources and so on, also affect their ability to solve problems.

2. Political economy – captures power relations within the village and with external actors (business, higher levels of government, NGOs, etc.). The success of the resolution to a problem depends not only on the assets but also on community's relative power vis-à-vis other actors. The political economy also relates to problems created by constellations of such relations and connections (elite monopolization of input/output channels, companies' claims to forests, corrupt officials, etc.) and which/whose problems are addressed collectively.
3. Sources of capacity shifts – capture the patterns of cooperation (or lack thereof) between actors. There are three pathways that can increase (or decrease) the ability to resolve problems collectively: cooperation between villagers themselves (relatively independent from the government), cooperation between villagers and reformist leaders within the village government, and cooperation with external agents.

Methodology

Following LLI1 and LLI2, the third round study used both qualitative and quantitative methods. Given that a key rationale for another LLI round was the longitudinal nature of the research, LLI3 replicated the study designs of LLI1 and LLI2 wherever relevant, as some changes were made



from one round to another, following changes of context and objectives (see Table 1). LLI3 returned to the same research areas as prior rounds, and repeated relevant instruments and data gathering techniques to enable direct comparisons and tracing of events over time. Given the qualitative nature of much of the data gathered, the purposive selection of research locations, and the small size of the sample, it is important to note that this research should not be considered representative of Indonesia as a whole. Rather, the study consists of a collection of detailed longitudinal case studies of the role of local capacity and state-society relations in community welfare in seven of the country's almost 500 districts (see Site selection, below).

Table 1. Comparison of research approaches

	LLI1 (1996)	LLI2 (2000/2001)	LLI3 (2012)
Key issues	Local capacity Social capital Village governance	Local capacity Social capital Village governance Crisis response	Local capacity Social capital Village governance District governance PNPM
Research methods	Qualitative data collection HH survey	Qualitative data collection HH survey Ethnography	Qualitative data collection HH survey
Districts (re-)visited	1. Batanghari 2. Merangin 3. Banyumas 4. Wonogiri 5. Ngada 6. Timor Tengah Selatan	1. Batanghari 2. Merangin 3. Banyumas 4. Wonogiri 5. Ngada	1. Batanghari 2. Merangin 3. Muara Jambi 4. Banyumas 5. Wonogiri 6. Ngada 7. Nagakeo
Number of villages	48	40	20

For the qualitative part of the study, researchers conducted interviews with relevant key informants at district and village levels, such as the district head (or secretary), officials from district offices (planning, rural/community development), district parliament (DPRD) members, NGOs/CSOs, village heads, representatives from BPM/LPM,²² and religious/adat/community figures (see Figure 1). The interviews helped collect data on, among others, problem solving; leadership, network and institutional profiles; as well as projects profiles (including PNPM).

The study conducted a series of focus group discussions (FGDs) with community members. Topics of the FGDs were:

1. Land use, power relations, and natural resources threats – this information was used

²² BPM (Badan Pemberdayaan Masyarakat) or LPM (Lembaga Pemberdayaan Masyarakat) refers to community empowerment organization/body at the village level.

to analyze the organizational landscape, dynamic of power relations, potential/real conflicts, and environmental problems.

2. Production, consumption, threats to survival and getting ahead – this information was used to analyze livelihood patterns, the organizational landscape, basic needs problems, getting ahead problems, and services.
3. Government – this information was used to analyze planning, implementation and decision-making in development programs/projects; perception of the government's role; quality of services (including maintenance); and participation, transparency and accountability.
4. Problem-solving – this topic utilized data collected from other FGDs to analyze problem-solving capacity at community

level. The analysis included understanding causal factors of problems, analysis of roles in problem-solving, as well as identifying leaders, network and institutions.

For the quantitative part, the study conducted a panel household survey using the following modules for the questionnaires:

1. Household characteristics and consumption
2. Household involvement/membership in organizations (formal and informal) and the benefits
3. Common problems that households faced in their areas
4. Patterns of ownership of land and other resources
5. Social interaction and trust
6. Recent crisis and crisis resolution mechanism
7. Village government (satisfaction, transparency and accountability)

In this report, data from the household survey is primarily used for descriptive analysis of aggregate patterns.

Site selection. For LLI1, districts were chosen to ensure geographic and socio-economic variation. Batanghari and Merangin districts represent Sumatra, which has mostly plantation and cash crops (rubber, palm oil, coffee, etc.) and relatively good transport infrastructure and a mid-range population density. Banyumas and Wonogiri districts represent the island of Java, which is the most densely populated area of Indonesia. Ngada and Timor Tengah Selatan (TTS) districts represent Eastern Indonesia, which is more arid, less densely populated, and has lower average incomes than the western part of the country.

Village research sites were chosen to capture upland and lowland communities with varying access to the sub-district capital. For LLI1, 48 villages were included; 40 of these remained for LLI2, as TTS was dropped from the second round due to security concerns. For LLI3 qualitative

work, twenty villages were revisited (eight each from Jambi and Central Java, four from NTT). The selection aimed to represent the range of capacity in each district identified in LLI2 (high, medium, low). For the quantitative work all 40 villages were revisited, re-interviewing 1,200 households.

Timing. The research team was in each district for ten to twelve weeks: one week in the district capital and two weeks in each village, and allowing time to consolidate and clean data between villages. The research team began their time in each district spending about three days in the capital to gather contextual data, after which they conducted the village data collection. Once all village data were complete, the team returned to the district capital to follow up on information identified by villagers, and to complete documentation of village data.

Hypotheses²³

As explained in the conceptual framework, the LLI studies are based on the assumption that higher local capacity is desirable, as is the government's support of villagers' problem-solving efforts. Based on these assumptions, we developed a series of hypotheses. Below, we briefly summarize the findings relevant to each hypothesis; Chapter 8 provides an overall summary of findings and a more coherent set of conclusions and implications.

1. Throughout the research areas, we expect a general quantitative decline in the significance of organizations designated as mandatory²⁴ in LLI2, as central state's control has relaxed. However, in locations where these organizations played a part in problem-solving efforts in the past, we expect them to have persisted.²⁵

23 Note that answers to some hypotheses require further analysis.

24 Mandatory organizations were those previously legislated by government to exist in every village: RT/RW, Dasawisma, PKK, Karang Taruna, and LKMD/LMD.

25 Persistent "mandatory" organizations may or may not have a continued connection to the state. In some LLI2 villages, neighborhoods were important organizing structures, but were operating without connection to the state. Similarly, Guinness (2009) describes how Rukun Kampung structures, abolished by the state in the 20th century, continue to organize community life in one Yogyakarta community.

Finding: Contrary to our hypothesis, government appears to have maintained or increased its role in the establishment of formal organizations, especially in Java and to a lesser extent in Jambi. However, the state's role in formal organizations has continued to decline in NTT. The prominent role of the state is also reflected in the strengthened role of the village head. Further analysis is required to discern the underlying causes and the extent to which the re-emergence of government organizations in Java and Jambi reflects synergy rather than state dominance of community life (as in LLI1). (See Chapters 4, 5, 6)

2. For communities that primarily reported natural resource problems, we expect local capacity to have declined. In LLI2, these problems, often of overwhelming scope, were some of the most challenging for communities to address. If efforts to address these have been repeatedly thwarted, they are likely to have undermined capacity by drawing down resources and frustrating collaboration.

Finding: While natural resources problems have declined as general priorities for villagers, low capacity villages are more often faced with deteriorating natural assets. Except in upland Jambi (where adat governance is functioning or the village head is strong and has mutual interests with villagers), attempts to address natural resource scarcity are rarely successful. These efforts often center on instituting or revising rules regulating use of common resources, which are difficult to enforce. (See Chapter 4).

3. In villages that experienced emergent responsive and effective government leadership in LLI2, we expect government leaders to have played a larger role in problem-solving during the past decade.

Finding: Where adat governance in functioning or vestiges of BPD as a control mechanism remain, village government leaders played a larger role in problem-solving. However, when such control is missing, village leaders became not pro-village, even in villages with responsive leaders in LLI2. (See Chapters 4, 6, 7)



4. Given patterns of virtuous and vicious cycles observed in LLI2, we expect high capacity villages to have been able to capitalize on changes during the past decade to further enhance problem-solving efforts. Low capacity villages will have been unable to mobilize to take advantage of opportunities provided by these changes. Increases in resources and political power due to decentralization, democratization, and CDD programs may therefore have had the most significant effect on medium capacity villages, which are expected to have improved abilities to address and resolve common problems since LLI2.

Finding: Capacity can be self-reinforcing. Almost half of the villages (9 out of 20) maintained their capacity, and most were in the higher-capacity group (medium and high). However, contrary to our hypothesis, many of the LLI2 low capacity villages have improved their capacity. More surprisingly, the source of this shift in most cases is the villagers themselves, although village leaders and external actors have roles, too. (See Chapter 4)

5. With decentralization and democratization, members of district parliament are new brokers of government resources. We expect villages that are directly represented in the district parliament to have enhanced capacity through additional government resources.

Finding: District parliament members bring resources to their electoral regions, not just to villages where they come from. However, resources do not always translate to improved capacity; there are other factors at play. For example, one village in Central Java has two representatives but capacity is decreasing because of inter-elite conflicts, particularly between one of the representatives and the old elite. Another village, also in Central Java, does not have any representative living in the village but some of the villagers are political party activists and the village head is able to mobilize them to bring resources to the village. (See Chapters 4, 7)

6. Given that there has been a proliferation of civil society organizations at the district level during the past decade, we expect to see an increase in the role of these organizations as contributors to local capacity. However, given that such organizations played almost no role in problem-solving efforts in LLI2, this increase will be small.

Finding: The hypothesis still holds. There are not many CSOs/NGOs working with villagers; however, in the few cases they are, the success rate of resolving problems is high. (See Chapters 3, 4)

7. In villages with a history of institutional arrangements to distribute benefits equitably, we expect to observe benefits provided by district parliament members to be broadly shared. In general, however, we expect them to be monopolized by village elites.

Finding: The finding is mixed. In one village, the hamlet where the district parliament

member comes from gets priority. In others, the infrastructure (the common projects) is more widely accessible to other villagers. (See Chapters 4, 7)

8. In villages with a history of institutional arrangements for including women in problem-solving efforts (as leaders, mobilizing through women's organizations, etc.), we expect to see a correspondingly greater proportion of benefits identified by women from improved capacity and access to government resources.

Finding: Further analysis is required to test this hypothesis.

9. We expect to see greater district responsiveness to high capacity villages, where community members will have been able to mobilize to take advantage of new resources at the district, through existing links or by creating new connections to elected officials.

Finding: High capacity villages are able to mobilize to take advantage of the new resources at the district, or even the province. They organize and link with external actors to get roads (by working with other villages or making a direct request to the deputy district head), and get back their traditional forests or land. (See Chapters 4, 7)

10. We expect more examples of government collaboration in problem-solving in low/medium capacity villages, as high capacity villages are able to work independently of government to take advantage of new political openings and resources.

Finding: Most improvement in low capacity villages was made with little government support. There are more examples of village leaders being involved in community initiatives in higher-capacity villages. (See Chapters 4, 6).

11. In villages that attempted to hold village officials to account in LLI2, we expect these efforts to have continued, resulting in more responsive and accountable government.

Finding: Protests as a means of accountability in general have declined, replaced in many villages by electoral accountability. The result is mixed here. Efforts to achieve accountability continue but do not necessarily result in more responsive government. (See Chapter 6)

12. In villages where the current village government is more responsive and accountable (compared to LLI2), we expect to see a positive effect on problem-solving for all types of problems.

Finding: In most cases, when village heads get involved and are more responsive, more problems are solved. (See Chapter 6)

13. Where there has been no improvement in the quality of village government, we expect to see declining capacity in low capacity villages, as the government monopolizes new opportunities and resources. In high capacity villages, we expect maintained or improved capacity, independent of unchanged village government due to continued state-society disconnects.

Finding: Two villages showed no improvement in the quality of village government: one remained low capacity (Pinang Merah), while the capacity of the other improved (Tiang Berajo) due to the economic success of migrants. This suggests that even in low capacity villages, villagers can sometimes improve their capacity despite little help from government. However, further analysis of the data would be needed to understand the mixed results. High capacity does not guarantee that the capacity will be maintained or improved, as several such villages declined. The capacity of one village in particular (Krajan) declined because



of the weak new village head who is unable to manage internal conflicts among the elite or control his staff. Hence, quality of village government does contribute to the shifts in capacity in both high and low capacity villages (see Chapter 6).

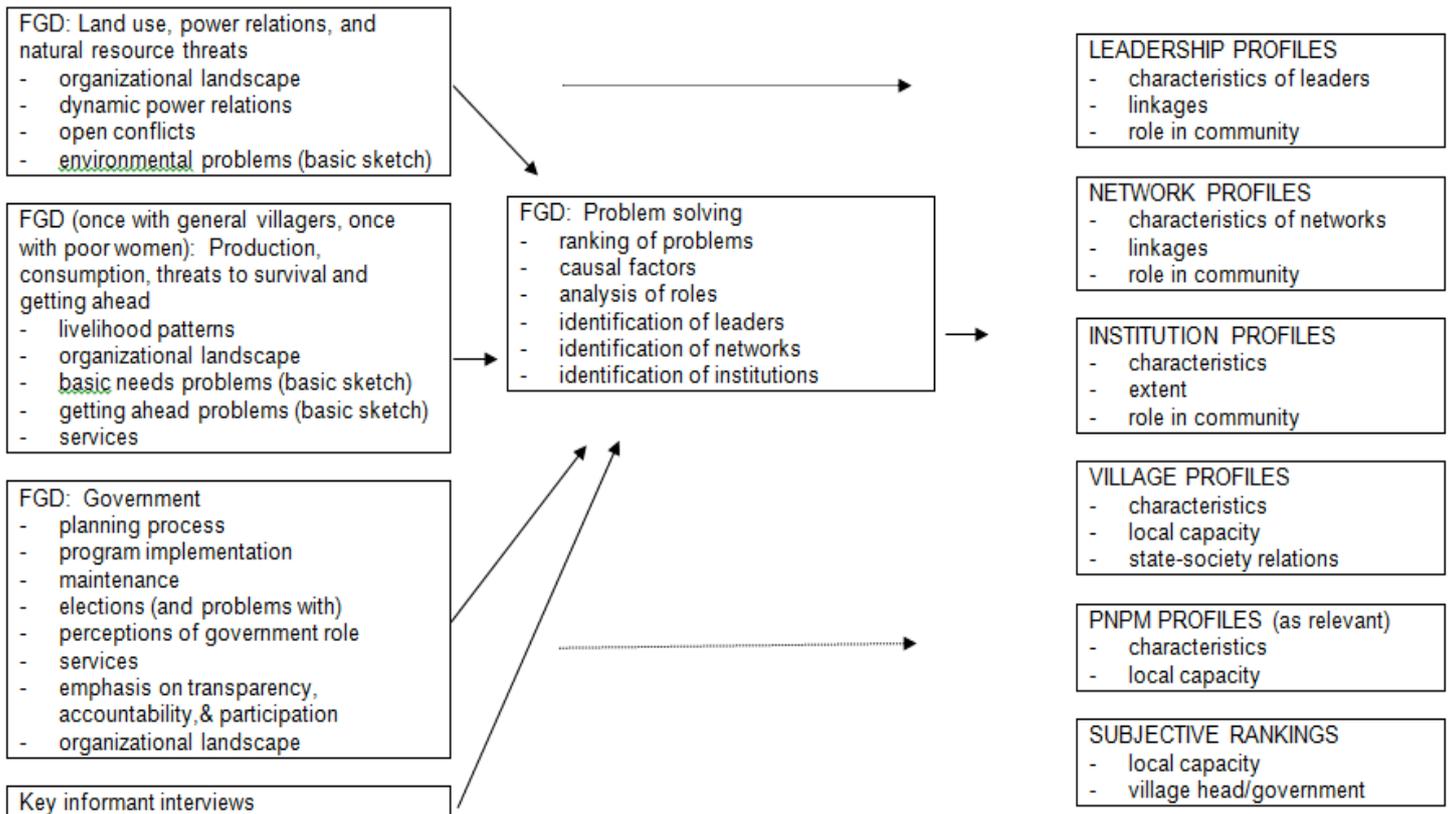
14. We expect that spillovers from PNPM activities are more likely in medium (and perhaps also low) capacity villages, where they represent a means of improving access to otherwise unattainable resources. We expect there to be less effect in high capacity villages, where problem-solving is more likely to be independent of village government, and villages are therefore less likely to gain extra benefit(s) from efforts at accountability, transparency, and greater participation.²⁶

Finding: Our findings refute this hypothesis. PNPM is more likely to reinforce existing capacity in higher capacity villages than to facilitate improved capacity in lower capacity villages. High capacity villages

²⁶ An additional hypothesis concerned the quality of PNPM facilitation. However, because the data collection did not capture information about the quality of facilitation, we are unable to address this hypothesis.

are better able to take advantage of the open planning and decision-making offered by these projects. (See Chapter 7)

Figure 1. LL13 Qualitative data collection



CHAPTER 3: COLLECTIVE PROBLEMS VILLAGERS FACE & CHANGE SINCE LLI2



In response to Research Question 1, this chapter provides an overview of the problems villagers face, the degree to which they address and solve them, and changes in local capacity since LLI2. The primary source of data is focus group discussions (FGDs) designed to elicit villagers' own views on the most pressing problems they face, and the efforts made to address and resolve them. Wherever possible, findings are compared to patterns in the household survey data.²⁷

Reported problems have shifted in type and priority

Overall, the number of problems recorded has declined, according to both information from focus groups and the household survey. While the qualitative data from LLI2 recorded on average about ten problems in each village, only five per village were captured in LLI3.²⁸ The decline in incidence in the quantitative data appears much smaller, but households indicate that the incidence of one or more problems listed in both

²⁷ Data gathered through focus groups discussions are referred to as qualitative, even though they have been aggregated and enumerated in the tables below. Data from the household survey are referred to as quantitative.

²⁸ Note that comparisons in the qualitative data cover 40 villages for LLI2, compared to only half of these for LLI3. The household survey was fielded in all 40 villages, however, providing a check on these comparisons

LLI2 and LLI3 quantitative surveys dropped by approximately 14 percent. The rate of decline was highest in Jambi (18 percent) and lowest in Java (10 percent). One likely explanation for the decline in total number of problems reported is that LLI2 was carried out in 2001, and asked about challenges faced since 1996. That four-year period covered a highly turbulent time, including the fallout from the Asian financial crisis (1997/8), Sumatran forest fires (1997), El Niño (1998), and massive political and governance reforms (reformasi) (1998). By comparison, the years preceding the third round of LLI research have been relatively calm.

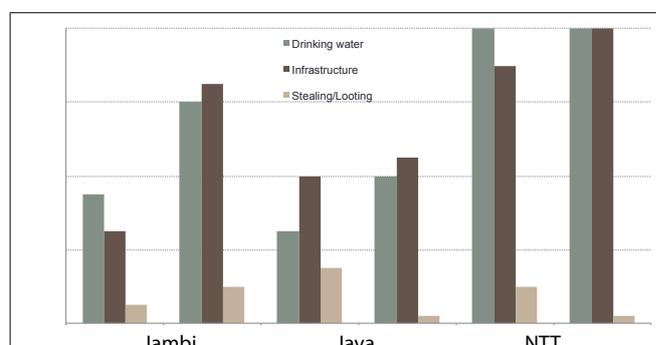
Quantitative data also show shifts over time in the specific problems that households report as affecting villages (Table 1). Large drops in incidence occurred for "scarcity of land and/or natural resources", "irrigation", and all social problems. However, problems with "drinking water," "infrastructure", and devastation of productive resources (crop failure, forest fire, livestock epidemic) have increased substantially since LLI2. All told, for these nine types of pre-listed problems, their incidence across the entire LLI study area declined from approximately 2,500 problems reported in LLI2 to approximately 2,100 problems reported.

Table 1. Percent of study-area respondents reporting problems experienced
(Source: LLI2 and LLI3 HH survey)

	LLI2				LLI3			
	overall	Jambi	Java	NTT	overall	Jambi	Java	NTT
	%	%	%	%	%	%	%	%
Drinking water	40	33	27	81	45	46	31	25
Irrigation water	19	17	16	28	14	10	13	9
Infrastructure	37	24	33	71	47	48	38	24
Crop failure/ forest fire/ livestock epidemic	44	57	26	55	48	39	39	30
Land/natural resource scarcity	20	29	3	37	4	5	1	3
Social problems ²⁹	11	13	9	11	5	7	2	6

For each problem type, the household survey respondents can also indicate whether the problems listed are collective and communally-experienced or whether they affect less than a majority of households in any locality. For example, Chart 1 below demonstrates that “drinking water” – and perhaps also “infrastructure” – became less of a personal problem and more of a collective problem between LLI2 and LLI3 in both Jambi and Java, while “stealing/looting” became more of an personal problem and less of a community-wide issue between LLI2 and LLI3 in Java and NTT.

Chart 1. Village-wide frequency of problems experienced (% of villagers) (Source: LLI2 and LLI3 HH survey)



²⁹ Includes gambling, drinking/drugs, theft, prostitution/pornography.

In contrast to the household questionnaire, which asked respondents about the occurrence of specified problems, focus groups were asked to identify priority problems affecting villagers. Patterns in the most important problems identified by villagers have also shifted somewhat since LLI2.³⁰ Aggregating priority problems across provinces (Figure 1, “All Provinces”), challenges related to productive activities remain frequent.

³⁰ Recall that villagers were asked in the FGDs to identify and prioritize common problems related to natural services, basic needs, and abilities to get ahead (Chapter 2). Many problems described by communities are complex, and relate to all three categories. The analysis here disaggregates the FGD categories into individual problems identified by participants.

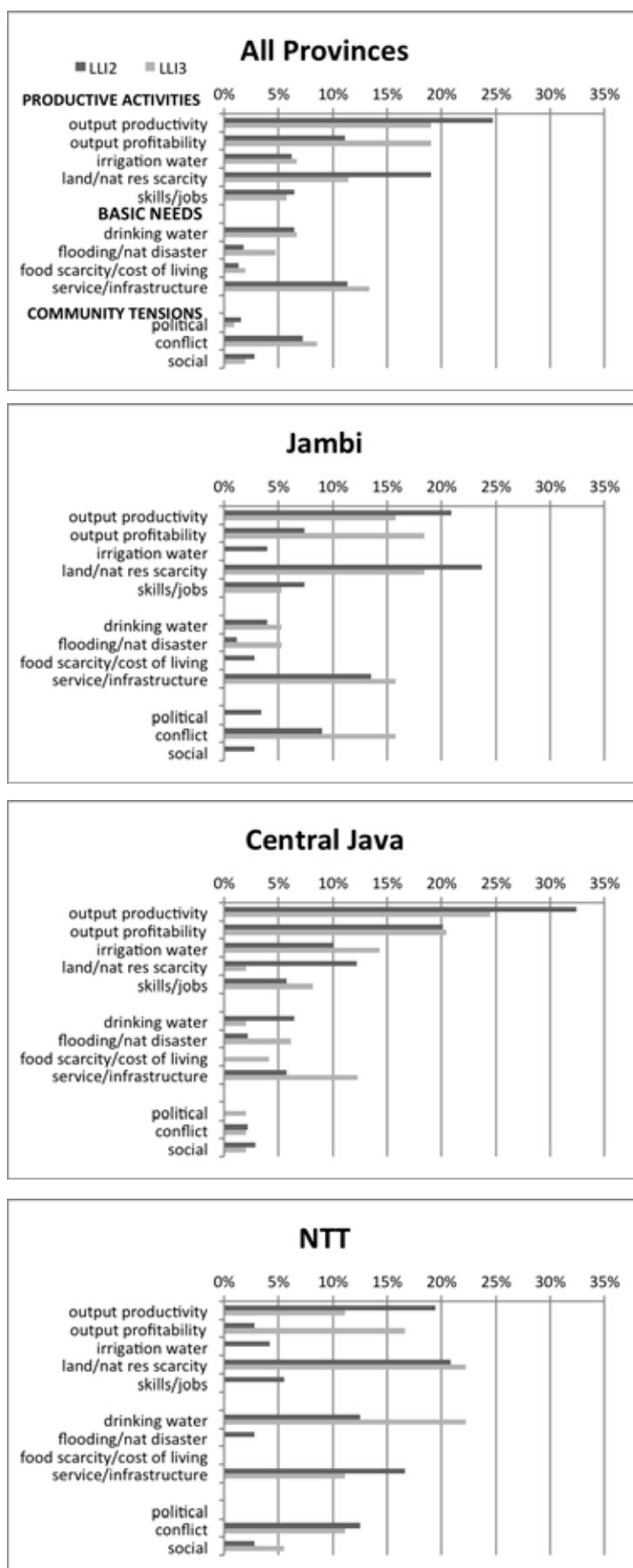
There have been some shifts in these types of problems, however, with output profitability becoming more prominent, while issues with productivity have declined somewhat. Concerns about resource and land scarcity have similarly decreased. For basic needs, concerns about flooding and other natural disasters have doubled (from a small base), and service delivery and infrastructure are more frequently reported as a priority problem. Still in the basic needs category, drinking water remains the second most frequently reported priority problem, but reports have not risen notably since LLI2. Community tensions represent the smallest set of reported priority problems. Here it is worth noting that conflict over land or other resources is more often reported as a priority problem, while problems related to political leaders and social issues (including crime, drinking, and excessive social demands) are somewhat less of a priority problem.

Although there are important shared problems across provinces, priorities are distinct in the three sets of study villages (see remaining panels in Figure 1). Concerns about output productivity and services are relatively constant across the areas and across time. However, output profitability is now the most often reported priority problem in LLI villages in Jambi, along with land and natural resource scarcity. There has also been a sharp upturn in concern over land and resource conflicts in these villages.

Villagers in the study communities on Java, in contrast, are substantially more concerned about irrigation water and access to services and infrastructure than they were in LLI2. Meanwhile, problems with land or resource scarcity are much less frequently reported as priorities in LLI3.

Priority problems in NTT are more similar to Jambi than Java, but concerns about drinking water are increasingly acute in these villages. Conflicts over land/natural resources have not increased here, but social problems have (albeit from a very low base).

Figure 1. Priority collective problems reported in LLI2 and LLI3, by province (% of total)



Source: LLI2 & LLI3 FGDs

Rates of collective response are high, but show some decline

Most of the identified common problems elicited a collective response (Table 2). Villagers mounted a collective effort to address more than three quarters of problems. This indicates a decline in levels of community response since LLI2, however, when about 10% of problems went unaddressed by villagers as a group.³¹ The survey data confirm this decline; for the problems listed, the rate of collective response fell from 77% in LLI2 to 64% in LLI3.

In focus group discussions, the rate of collective response was lower in Central Java than in Jambi and NTT (Table 2). The number of problems reported in each village varies considerably (from 3 to 8), but so does the rate of collective response. The range in response is smallest in NTT, and most varied in Central Java. Here the survey data diverge from the qualitative results; respondents in Central Java report higher rates of collective response (70%) than their counterparts in Jambi (56%) and NTT (68%).³² However, regional comparisons across time confirm that rates of collective response declined in all areas since LLI2.



The rate at which priority problems are responded to varies by type (Table 3). Recall that output productivity and profitability were very frequent priorities in all provinces (Figure 1). However, these two types of problems least frequently elicit a collective response. In part, the lack of community mobilization may be because these types of problems are perceived as individual, even if they are shared by a number of households and have common cause. Further, they often have root causes that are overwhelming in scope to villagers. For example, villagers identify shifting weather patterns and decades of chemical fertilizer use as negatively impacting output productivity, but are at a loss for how to mitigate these causes. Similarly, profitability falls with high input costs and low output prices, both set in markets that farmers are unable to affect, either because they are out of physical reach or monopolized by powerful elites (through manipulation of fertilizer subsidies, share-cropping, usury, etc.).

Services and infrastructure problems also have a relatively low rate of community response. The problems without a collective response concern high costs for education and health, which villagers feel unable to address. Instead

Table 2. Collective response by region
(Source: LLI3 FGDs)

collective response	Jambi	Province C. Java	NTT	total
no	5 13%	17 35%	2 11%	24 23%
yes	33 87%	32 65%	16 89%	81 77%
total	38 100%	49 100%	18 100%	105 100%

³¹ Recall that capacity is gauged by collectively mobilized response; even in its absence, many problems elicit independent responses by affected villagers.

³² Again, note that household data response rates are for problems that occurred, while FGD data concern priority problems.

of collective responses, they rely on family or individual level coping strategies, such as reducing consumption or skipping doctor's visits.

In contrast, problems with both irrigation and drinking water are always responded to collectively. In most of the study villages, access to water is already highly organized, with formal rules and roles for sharing irrigation water and user groups for access to wells and pipes (see Boxes 3 and 86). When problems arise with water, mobilization often relies on these existing social structures.

Similarly, conflict over land or natural resources consistently prompts a collective response.³³ These are open disagreements over boundaries and use, and involve calls on village leaders (formal and informal) and often higher levels of government to intervene.

Table 3. Collective response and success rates, by type of problem (% of problem type)

Problem category	collective response	successful/ semi-successful outcome
output productivity	65%	50%
output profitability	65%	70%
irrigation water	100%	83%
land/nat res scarcity	92%	33%
skills/jobs	83%	100%
drinking water	100%	86%
flooding/nat disaster	80%	75%
food scarcity/cost of living	100%	50%
service/ infrastructure	71%	75%
Political	0%	-
Conflict	100%	44%
Social	0%	-
number of problems	81	46

Source: LLI3 FGDs

Collective responses remain highly successful

³³ Food scarcity/cost of living also shows a 100% response rate, but is reported very infrequently (see Fig. 1).

In over 60% of cases, collective responses to problems succeeded³⁴ in resolving the issue (Table 4). This a comparable rate of success to LLI2, when 65% of problems with a collective response were successfully or semi-successfully resolved. In spite of being less frequent (Table 2), community responses were more successful in Central Java than in the other provinces (Table 4).

Table 4. Rates of successful collective response (Source: LLI3 FGDs)

province	outcome of collective response not successful	successful/ semi-successful	total
Jambi	15 48%	16 52%	31 100%
C. Java	6 22%	21 78%	27 100%
NTT	6 40%	9 60%	15 100%
Total	27 37%	46 63%	73 100%

For output productivity and profitability (Table 3), rates of success are mediocre, even when villages do mobilize a response. For productivity, successful responses are largely mass eradication of pests (killing rats, spraying for wereng coklat, etc.), while profitability is helped by organizing rotating labor and savings groups (arisan). Some attempts to bypass regular marketing channels also show a level of success (*Unit Pengelola Hasil*³⁵ in Mataloko, see Box 12, Chapter 7; Sipahit Lidah farmers pooling rubber to sell in Kota Jambi.)

Attempts to address land/natural resource scarcity are rarely successful. These efforts often center on instituting or revising rules regulating use of common resources, which are difficult to

³⁴ As in LLI2, success means that villagers have overcome the issue, so that it no longer emerges.

In addition, semi-successful responses provide partial solutions that are short term, cover only a portion of those affected by the problem, or address only a part of the overall problem. Responses that are not successful fail to provide any effective solution to the problem at hand.

³⁵ *Unit Pengelola Hasil* (UPH) refers to cooperative-like organization that purchase products with competitive price from local farmers.

enforce (except in upland Jambi, where adat rules continue to be respected). Similar complications arise with responses to resource conflicts, where each party is asked to respect rules for sharing the resource. These settlements are often breached, and the problem reemerges.

Villagers' efforts to address drinking and irrigation water problems show relatively high levels of (stopgap) success. Good outcomes often involve expanding or revising existing arrangements for use, such as changing the frequency of releases for irrigation water and clearing or rebuilding channels (see Box 3). Villagers also mobilize to construct new wells and water collection tanks using private or program funds. It is important to understand that these solutions, while indicative of villagers' organizing capacity to access available resources and share them more equitably, are not addressing issues of population pressures, urbanization, and changing weather patterns. All these forces (and others) may be contributing to the challenges villagers face, and to their possible future re-emergence. Community actions are thus successful at making the best of the situation, but not solving the underlying issues.

BOX 3: Water management system in Pelem

Pelem is a hamlet of 54 households in Beral, Central Java. Like other parts of the village, the hamlet has problems with accessing water. Water scarcity, especially in the dry season, regularly sparks disputes among villagers. Residents have tried different distribution systems to deal with the problems.

In the rainy season when water is relatively easy to get, there are three sources of water:

- The water spring nearby (available all year round).
- The public water tank: a large tank (more than 3 cubic meters) to catch rain water that was built by the villagers and is located

- in a villager's front yard. Villagers can get water for free here.
- Two rain-fed wells, also built by villagers.

In the dry season they get their water from:

- Another water spring further away.
- A villager who has a private water tank. This man buys water from a vendor at IDR 100,000 for 5,000 liters (or IDR 20 per liter), which he resells at IDR 50 per liter. Most villagers buy the water in 10 or 20 liter cans. One villager said she usually spent IDR 5,000 a day on water.
- The public water tank, which villagers take turn to buy water to fill. However, this does not always work fairly as people living close to the public tank use a disproportionate amount of water.

Quarrels over water often happened when people were queuing at the water springs, for example if a villager brought multiple cans to fill, making others wait longer for their turn. The neighborhood head came up with the idea to draw up a schedule for collection of water from the spring. There are 54 households in the hamlet, so each day eight households are allowed to get water from the spring. Each household has three hours to fill their tanks (120-150 liters). This schedule works well.

(Village) government plays larger role in addressing problems

In terms of actors involved in problem-solving efforts, state agents play a notable role. Village government was involved in about half of the collective responses to problems, which is an increase from LLI2, when village government was involved in a third of cases. The survey data also indicate that village government involvement increased (from 25% of LLI2 problems to 33% of

those listed in LLI3). In both rounds of the study, the FGDs indicate that the majority of such efforts led to successful/semi-successful outcomes, but success rates may have improved slightly (33% not successful in LLI2, 28% in LLI3).

In LLI3, district government was involved less often than village government (30% of problems reported in FGDs). Yet, almost 80% of the cases where district actors were involved had positive outcomes, indicating that the resources contributed by district officials or legislators helped to solve villagers' problems. In general, district programs are poorly targeted and rarely correspond to local needs (see Chapter 7). The high rate of success should be seen in this context; where district assistance corresponds to priority problems, such resources are helpful, but district efforts as a whole show low levels of overlap with villagers' needs. Also, in cases of success, district help is not necessarily the critical ingredient in problem-solving efforts; rather, accessing district resources reflects a high level of organization and initiative in the villages that receive such assistance.

As in LLI2, NGOs remain largely absent. They were noted as part of the problem-solving effort in only six of the 81 cases with a collective response. However, five of these problems were successfully/semi-successfully resolved (one had unclear outcome.) In three of these cases, NGOs helped villagers regain land rights (Kelok Sungai Besar, Sipahit Lidah, Ulu Sebelat). The other three cases involved addressing problems with natural resources – water (Beral), flooding (Kalikromo), and changing seasons (Krajan).³⁶ While the success cannot be directly attributed to the NGOs' involvement, villagers able to access such networks clearly have a higher than average rate of success in solving problems.

³⁶ There are other signs of NGO involvement in villages, unrelated to the priority problems. For example, Ndonga villagers were helped by an NGO to set up electricity connections. The village head in Mojo also has close ties to a local arm of Child Fund International, which funds scholarships, training, and some infrastructure. Although not as systematically collected in the LLI data as NGO involvement in priority problems, these types of efforts also appear infrequent.

There was a reference to PNPM/PPK in 16% of cases, in which communities proposed infrastructure or relied on rotating savings groups (simpan pinjam perempuan, or SPP) funded by the program. As with district government and NGO involvement, problem-solving efforts that drew on PNPM/PPK resources were predominantly successful (76%).

By village, capacity is relatively stable with some encouraging improvements



Comparing all problems and responses between LLI2 and LLI3, local capacity shows decline. Fewer problems are responded to collectively than in LLI2 (although rates of success are comparable). In the aggregate, villagers mobilize collectively less often. However, these general patterns in problem-solving mask considerable variation in capacity shifts across the LLI villages.

Grouping the problems recorded by village, we assess levels of capacity by both the proportion of problems addressed collectively and rates of success of such responses using the same categorizing principles as in LLI2 (Table 5). High capacity villages are those that mobilize a collective response to all identified problems,

arriving at a successful or semi-successful outcome for at least half of these responses. At the other end of the spectrum, low capacity villages leave at least a third of problems unaddressed or are unable to successfully resolve any of the problems addressed. In-between these extremes, middle capacity villages either

- have high rates of mobilization (90-100%) combined with low rates of success (<33%), or
- less frequently mobilize (67%-89%) but are fairly successful when they do so (≥33%).

Looking across villages, the greatest number (9 of 20) did not experience a change in capacity. Of the remainder, about half (6 of 20) experienced a decline in capacity; these villages are mostly on Java. In contrast, villages with rising capacity (5 of 20) are predominantly in Jambi.

The next chapter focuses on the factors that underlie village-level shifts in capacity. While discussed in more detail in Chapter 4, it is worth noting here that Table 5 lends support to the general hypothesis that capacity persists. In particular, more than half of the high capacity villages have built on their earlier successes in addressing more recent problems. Also particularly encouraging is that two-thirds of low capacity villages have improved their ability to address and solve problems since LLI2. This finding goes against our expectations for such villages; based on LLI2, we expected to see further declines where villagers were unable to mobilize responses or saw little success when problems were addressed.

SUMMARY & IMPLICATIONS

The analysis shows that, as the number of reported problems has fallen, rates of response have also declined, but rates of success are roughly similar to LLI2. Declines in community response are due in part to the prominence

of problems of overwhelming scope. Village government plays a larger role in collective problem-solving; district government and NGO involvement is less frequent but often coincides with successful outcomes. The patterns of increased success that map on to external involvement/resources reinforce the importance of outside connections to enhancing village capacity, found in both LLI1 and LLI2.

The substantial variation in priority problems and their limited overlap with the occurrence of problems (from the household data) are a reminder of the need for tailored assistance that corresponds to distinct local needs. At the national level, this argues for continuing to refine open-menu program designs (such as PNPM). It also suggests that funds and decisions should be under village-level control. However, complementary policies and structures are needed to ensure priority problems are identified and responded to. At both village and district levels, substantial variation in problems reported require high levels of awareness and responsiveness from local officials (see Chapters 6 and 7).

Higher levels of government also need to identify and respond to problems of overwhelming scope and investigate those with sharp increases since LLI2. In particular where programs are already in place to address increasingly prominent problems, agencies should try to discern why problems persist in spite of such efforts (for example, high farm-level prices for fertilizer due to local monopolies, in spite of subsidies).



Table 5 Capacity shifts by village (Source: LLI2 and LLI3 FGDs)

Village	province	LLI2 CAP	LLI3 CAP	change from LLI2
Mojo	C. Java	M	L	decline
Beral	C. Java	M	L	decline
Karya Mukti	C. Java	M	M/L	decline
Kali Mas	C. Java	H	M	decline
Krajan	C. Java	H	M	decline
Mataloko	NTT	H	M	decline
Pinang Merah	Jambi	L	L	same
Kampai Darat	Jambi	L	L	same
Koto Depati	Jambi	M	M	same
Kalikromo	C. Java	M	M	same
Kotagoa	NTT	M	M	same
Ndona	NTT	H	H	same
Kelok Sungai Besar	Jambi	H	H	same
Sipahit Lidah	Jambi	H	H	same
Deling	C. Java	H	H	same
Tiang Berajo	Jambi	L	M/L	increase
Buluh Perindu	Jambi	L	M/H	Increase
Ulu Sebelat	Jambi	L	M	increase
Walet	C. Java	L	M	increase
Waturutu	NTT	M	H	increase

CHAPTER 4: FACTORS EXPLAINING CAPACITY SHIFTS

In this chapter, we turn from the overview of collective problems in Chapter 3 to look at village-level changes in local capacity since LLI2 and the factors that underlie such shifts (Research Question 2). Below, we first provide an overview of the general directions of capacity shifts (maintained, declining, increasing). Next, we compare and contrast how assets, the political economy, and the sources of change vary across the LLI villages.

To break down capacity shifts and identify the factors that underlie them, we use the asset-based conception elaborated in Chapter 2, drawing on Bebbington et al. (2006). Recall that changes in local capacity (ability to solve common problems collectively) may come from shifts in the natural, social, and financial resources that communities can access (assets) and in the power relations within the community and with outside actors (political economy). The source of change may be from villagers themselves, in collaboration with reformist officials or from external actors.

MAINTAINED CAPACITY: Higher capacity (and sometimes low) can be self-reinforcing.

Based on patterns from LLI1 and LLI2, we posited that capacity may be self-reinforcing. High capacity villages may engender a virtuous cycle, where past problem-solving efforts better equip the community to cooperate in the face of further

challenges (Hirschmann 1983). Conversely, lack of response to problems in low capacity villages may create a deteriorating cycle of apathy and increasing competition, rather than collaboration.

Looking at LLI3 villages that maintained lower or higher capacity lends some support to this idea; the most prominent pattern across villages is persistence of past capacity levels.³⁷ Grouping villages by the direction of change in capacity between LLI2 and LLI3, the largest group of villages (45%) show no change in capacity (see Table 5, Chapter 3). In particular, higher³⁸ capacity villages mobilize to safeguard or increase their assets. For example, Koto Depati managed to keep the village together when one hamlet attempted to split off. Sipahit Lidah leaders instituted rules against the use of poison and machinery for fishing and extracting gold from the river. Other villages made similar rules which are often ignored, but in this village they have been enforced for over a decade using consistent sanctions. Village leaders are thus able to enforce local regulations and norms and are well-connected to external resources that they mobilize for problem-solving efforts (Sungai Besar and Ndonga leaders' networks to district parliament, NGOs, etc.). In these villages, institutions exist to mediate potential inter-elite conflict and to coordinate state and community problem-solving. For instance, Deling has retained the monitoring functions of the BPD, and Koto Depati has adat governance structures that integrate village government.

The persistence of relatively high capacity is an encouraging finding. It indicates that high capacity villages are resilient, even in the face of the political shifts faced during the past decade. Such villages' constellations of assets and power relations, which enable them to mobilize to

³⁷ Changes in methodology precluded side-by-side comparisons between LLI1 and LLI3. LLI1 relied more on in-depth interviews and listings of community and government projects to gauge capacity, while LLI2 used FGDs more extensively to ask villagers about the problems they face and how they address them. LLI3 repeated the LLI2 methodology, enabling comparisons.

³⁸ I.e., high and medium capacity in LLI2 that make up seven of nine maintained-capacity communities in LLI3.



address common problems, also equip them to take advantage of decentralized resources and authority, greater democratization, and more participatory programs. (For examples, see Box 8, and mobilization of the Koto Depati village head for provincial road below, and Chapter 7).

To a lesser extent, we also see persistence of low capacity (although two thirds of LLI2 low capacity villages improved by LLI3; see below). Low capacity villages have drawn down their existing assets, and are unable to capitalize on broader political economic changes that have benefited other villages. For example, while high capacity villages in Jambi have been able to gain from the weaker power of logging companies to protect forest or increase private ownership, forests in Pinang Merah were overrun by opportunistic loggers after companies left. Village leadership tends to be weak, unable to bridge intra-community/elite conflict. When villagers – sometimes with state help – do mobilize problem-solving efforts, the results are rarely sustainable. For example, agreements to resolve land disputes are soon breached (Kampai Darat), village regulations against resource exploitation are ignored (Pinang Merah), and public infrastructure goes unrepaired (Pinang Merah).

Although maintained capacity was the most common pattern in the LLI villages, it is perhaps the least informative in terms of understanding the ways that the past decade's broad political developments may have affected interactions

between villages and the state as these villages are relatively stable. We therefore look in greater detail at villages in which capacity has declined and increased.

DECLINING CAPACITY: Capacity is undermined by deteriorating assets and officials that are not reformist

About a third of villages (6/20, 30%) have experienced a decline in capacity since LLI2. These are concentrated on Java, but include one village from NTT, as well (none from Jambi). As a group, these villages face deteriorating assets and reduced collaboration with reformist officials (Table 1).

The subset of villages with declining capacity experience persistent problems with deteriorating natural resources. In several cases, problems noted in LLI2 have worsened (Mojo irrigation water, Beral and Mataloko access to drinking water; see Box 4). Access to assets is also limited by local disputes in some villages (Krajan conflict over forest, Mataloko land disputes blocking infrastructure projects.)

BOX 4: Continuous problems with water in Mataloko, NTT

Water is an on-going problem for villagers in Mataloko. The ward has two water springs, both of which have plenty of water. But the first serves only the area immediately around the spring; villagers outside that area have to walk for one kilometer to get the water. The second spring does not really provide water to the ward, as it has been diverted to other users. Some decades ago (1960s), the villagers had an agreement with the local parish: the church provided pipes and got a share of the water (the parish is located between the spring and the community settlement). Later, the head of the clan that controls the land on which the spring is located made another agreement to divert water to a neighboring village. As Mataloko's population grew, villages needed more water.

In 2006 the village, funded by KDP/PNPM (IDR 350 million), got three electronic pumps to get water from the spring but the project did not work. No water could be pumped up. KDP teams and consultants from Kupang could not solve the problem, either, and the water tanks and pipes were left unused.

In 2008, the neighboring village, funded by PNPM, was able to pipe the water from the spring within Mataloko's boundaries. Since then clan leaders and the ward head have initiated negotiations with the parish and the neighboring village to regain access, but these discussions have not been successful.

With funds from central government and assistance from experts from as far away as Bandung, in 2010 the ward got an artesian well. But there was no electricity to run the pump and villagers could not afford the diesel for a generator, so the machinery was left idle and there was no water for villagers.

In spite of the numerous efforts to address Mataloko's water problems, villagers still have to walk (or ride a motorcycle) one kilometer to get water. Wealthier households can buy water from vendors or get piped water from the city water company, but these options are beyond reach for many villagers.

Further, there are signs of reduced reciprocity in these villages, signaling a decrease in social assets. For example, in Beral there is now a limit to the length of time that farmers can be called upon to provide unpaid reciprocal labor (gotong-royong): after two days, the farmer being helped is expected to pay the current daily wage. Conversely, villagers in Mojo have organized formal rotating labor groups as a solution to the increasing cost of labor. This arrangement reduces the wage bill, but those wishing to participate must pay a high entrance fee. While these changes do not necessarily undermine problem-solving ability (and in some ways attest to the flexibility of local practices to deal with changing problems), they reduce the scope of participation in such efforts by limiting the benefits to

those who can afford to pay entrance fees or wages. Such exclusive arrangements segment collaborations by socio-economic class (see Chapter 5 for patterns of declining community collaboration in the quantitative data).

Villages affected by urbanization tend to see declining capacity: while urbanization brings assets (health, education) and diverse income opportunities, it also brings new problems (consumption goods, shifts in labor markets, unemployment), and possibly degrades villagers' sense of community. Further, villages that have ward status are at a disadvantage as they lack the electoral leverage to align the ward head's interests with their own (and to hold him or her accountable for results).³⁹ Instead, ward heads who are appointed by the district head often have no connection to the village and little interest in building local networks, as they may be moved again. Of the four wards in the LLI area, three have declining capacity and two are rumored to be organizing campaigns to return their villages to 'desa' status (Kali Mas, Mataloko). Of the LLI wards, the ward head in Mojo stands out as being more connected to the village than his peers. He has lived in the village for two decades and has built up personal ties in the community (in contrast to other ward heads who live outside the village, as in the case of Kali Mas, or who had no connection to the village before being appointed to lead it, as in Mataloko). Although he is generally well-liked for being approachable and for his ability able to mobilize resources (from an NGO and a *perantau*⁴⁰ network), some villagers complain that he uses them for his own interests, rather than theirs.⁴¹

In addition to ward heads' general lack of connection to the community, most village heads in these villages are weaker and/or more

39 Wards also receive a smaller budget allocations than villages and therefore have fewer financial resources available for local problem-solving. In theory, the ward head's performance is reviewed and evaluated by the district, but there was no evidence of such monitoring in the LLI wards.

40 Perantau refers to diaspora or migrant community.

41 The focus group discussions indicate that villagers' priority problems relate to agriculture and water, while the ward head focuses on access to loans through cooperatives, health insurance, and scholarships

likely to monopolize resources for personal benefit, compared to their predecessors in LLI2. The village head of Krajan refuses to take sides in escalating inter-elite conflict, and village government has come to a standstill while each side hoards resources for the benefit of their supporters. In Beral, the village head keeps information and financial and material resources to himself, dispensing them only as a means of furthering his political career. In Karya Mukti, the village head (who appeared to be reformist when newly elected in LLI2) has spent much of his second term channeling government resources to construct an enormous village office. As a result of these leaders' lack of responsiveness, villagers are not only less able to get a government response to problems, but fewer resources are available to address their needs than in villages with more responsive leaders.

Lower capacity in these villages is sometimes also an effect of policy changes by higher levels of government. Notably, the 2004 change in design of the BPD has given village heads more room to monopolize resources in villages where the BPD was previously effective (Karya Mukti). Changes in natural resources management arrangements have also contributed to capacity decline (in Mojo, water management by the district reduces access). While not the cause of inter-elite conflict in Krajan, resources being channeled exclusively to supporters by DPRD members elected from the new elite have exacerbated the rift with the historically dominant family.

INCREASING CAPACITY: Improvements in assets are largely due to villagers' efforts

Finally, the capacity of a quarter of villages (5 out of 20) has increased since LLI2. These are spread throughout the research area but are mostly in Jambi (three villages), with one each in NTT and Central Java.

Because low capacity villages, by definition, have a history of not mobilizing to solve problems, it was surprising to find that most of the capacity

increases are in villages considered low capacity in LLI2 (only one village has increased from medium to high capacity.) This is an encouraging counterpoint to the self-reinforcing patterns observed in the "maintained capacity" category of villages, indicating that the cycle can be broken.

What is perhaps most striking about capacity increases is the extent to which they are initiated by community members themselves, especially because low capacity villages, by definition, have a history of not mobilizing to solve problems. Villagers are behind the changes in economic assets in Buluh Perindu (switch to cocoa as the main crop) and Ulu Sebelat (shift to higher-yield cocoa). In Tiang Berajo, the economic success of Javanese migrants has upended political dynamics, but also made more resources available for problem-solving. Community leaders account for the mobilization of villagers to solve problems in Waturutu. In Walet, villagers took the initiative to retain the original functions of the BPD, in spite of changes in higher-level policies.

Other factors also reinforce the community's efforts in these villages. Reformist village leaders also matter (village/ward heads in Walet and Waturutu and, in some cases, Tiang Berajo), as do, to a lesser extent, external agents (in Ulu Sebelat, an NGO help to reclaim disputed land). Higher-level political changes also contributed, as the subsequent decline in the power of logging companies benefited problem-solving in Buluh Perindu and Ulu Sebelat.

Factors influencing capacity: ASSETS

Although the villages in each of the three capacity categories share characteristics, Tables 1 and 2 also demonstrate that local capacity is complex and multi-faceted. Improvements in one area can counteract declines in another. Similarly, factors may work in different ways depending on a village's pre-existing capacity. The remainder of this chapter looks across villages to highlight some of these complex interactions.



Access to and use of natural resources has a notable effect on capacity. While declining quality/access is the general rule, improvements in Jambi counter this pattern. Despite the decrease in natural resources and agricultural productivity being identified as priority problems in Central Java, this does not mean that these problems have gone away (Chapter 3). In declining capacity villages in particular, problems with water access (both for household and agricultural uses) have persisted and become more acute since LLI2 (see above).⁴² In some regions where irrigated agriculture is practiced, demand for water outstrips supply, so each village gets a reduced allocation, resulting in lower yields (for example, Kalikromo used to get seven releases of water, but is now allocated only three.)

In NTT, there are also problems with water access in some villages (for example, in Mataloko and Ndonga). Declining land fertility and unpredictable rains also contribute to poor harvests. In these villages, population pressures have reduced the

size of families' land holdings, which farmers respond to with more intensive cultivation. These practices require more capital, for fertilizer and other chemicals, and further degrade the soil. Villagers in NTT also report problems accessing land to build needed infrastructure.

Many of these declines in assets are not addressed collectively, either because they are overwhelming in scope or perceived as individual problems, even if many households share the same problem. Attempts to organize more equitable and efficient schemes for water collection, which would help to manage reduced access to resources, have failed to stem the decline. Even high capacity villages are unable to address the causes, which include logging in watersheds, diversion of water to urban areas, population pressures, and climate change.

In Jambi, natural resource problems often relate directly to cash crops on which many, if not all, villagers rely for a portion of their incomes. Some high capacity villages in Jambi have successfully

⁴² At least for drinking water, see Table 2 above.

protected their natural resources (forests and land), effectively increasing their assets compared to LLI2. For example, two villages in Jangkat successfully lobbied to have sections of forest designated customary forest (*hutan adat*) by decree of the district head. In both cases, the new regulations gave the land, which had been claimed both by the villagers and logging companies, to the villagers.

Shifts in sources of income can both enhance and reduce capacity. The most dramatic example of increased capacity is from Buluh Perindu village in Jambi. In LLI2, many villagers relied on collecting wild rubber for income, after the 1996/1997 wildfires decimated their plantations. As a result, the villagers frequently vacated the village for long periods while collecting rubber, and had little time for collective activities at home. In 2003, when collection of wild rubber was prohibited, the villagers had to find a different source of income. A handful of local farmers had successfully grown cacao, demonstrating the agricultural suitability and economic viability of this crop in Buluh Perindu, and others followed suit. A decade later, cacao is a mainstay for most households in Buluh Perindu. In addition to the increased income the crop brings, which contributes financial assets for problem-solving, the social advantages are notable. Farmers have started to organize into production groups to collaborate, rather than compete for resources as they did when collecting rubber.

In contrast, shifts towards wage-earning labor appears to reduce capacity. In some of the LLI villages in Jambi, waged jobs are readily available in nearby palm oil or lumber processing plants. These wage-earning opportunities are used by individual households to address survival issues that might be addressed collectively in the absence of waged labor.

Similarly, a number of LLI villages in Central Java are relatively urban and offer access to a diverse range of casual labor opportunities

(motorbike taxi/pedicab driver, construction work, etc.). Accompanying these opportunities is a set of new problems that are not reported in more rural villages, such as underemployment or unemployment and high debts resulting from buying consumption goods on credit. Such problems are rarely successfully addressed, effectively undermining local capacity.

In terms of social assets, there are some tentative signs that collaboration between villagers is shifting from a reciprocal to a monetized basis. In addition to the formalization of labor arrangements in Beral and Mojo (see above), another suggestion of weakening community collaboration comes from Ndona, where villages used to set aside Mondays for reciprocal work for the village (street cleaning, road maintenance, etc.). Now village leaders complain that projects (particularly PNPM) have made community members unwilling to participate unless there are project funds to compensate them for their time. Compared to LLI2, when such groups figured relatively frequently in problem-solving, there is also an apparent decline in the role of voluntary organizations such as prayer groups, *arisan*,⁴³ and *jimpitan*.⁴⁴ Similar patterns are observed in the household survey data, where declining aggregate rates of social activity are observed and respondents self-report declining group participation (see Chapter 5).

Factors influencing capacity: POLITICAL ECONOMY

In particular, the distribution of power and assets, both inside the village and in terms of relations with external actors, influence capacity. In this sub-section, we first look at political economic relations within the village and how they enhance or undermine capacity. We then turn to relations with external actors.

⁴³ Arisan refers to rotating saving groups.

⁴⁴ Jimpitan refers to social fund group that collects rice for communal use.

INTERNAL

As noted in Chapter 3, village government has become a more prominent participant in collective responses since LLI2. In particular, the village head stands out. Many village heads are central to addressing and negotiating solutions, particularly by accessing external networks and accompanying resources. In the LLI villages, examples where village heads have been instrumental include mobilizing a network of other village heads to lobby for a major road (Koto Depati), negotiating land boundaries on behalf of the village (Buluh Perindu), resolving a decades-long land dispute by bringing it to the Supreme Court (Kelok Sungai Besar), and organizing electricity connections for a large number of villagers through a local cooperative (Ndona).

Compared to LLI2, village heads have gained in prominence; previously, other community leaders (teachers, religious and traditional leaders, etc.) could be equally important links to external resources. But with the pooling of resources at the district level as a result of decentralization, local state actors have become more important as the designated channel through which these resources flow.⁴⁵ The political economy of villages has thus shifted, concentrating more power in the office of the village head (see Chapter 6).

Because of this more important role, however, capacity is undermined if the village head is not well-connected to external resources or uses resources to benefit only a small group of supporters (or, at the extreme, himself⁴⁶). Previously, high capacity communities were able to circumvent the village head, but with the concentration of financial resources and authority at district level, official channels are

45 Although the LLI data cannot provide clear data on it, the increase in participatory projects may have contributed to this shift as it has recruited community activists/leaders to work in government projects (such as PNPM facilitators.) Whereas community leaders in previous LLI rounds often circumvented government to access funds for problem-solving, their integration in CDD programs improves access to state resources.

46 As in LLI2, only one village is a woman. In LLI2, Beral had a female village head who has since been replaced. The incumbent village head in Sungai Besar is a woman.



more important which the village head is needed to access. As in LLI1 and LLI2, some villages retain the ability to circumvent the village head, such as Sipahit Lidah where the traditional (adat) leader has significant networks that can marshal resources for problem-solving. In many villages, however, the village head's inability to channel resources or unwillingness to work in the interests of villagers impedes problem-solving (for examples and patterns in specific villages, see Chapter 6).

The village head can thus enhance capacity if he has networks and he is motivated to use them to work in the village's interest. While personal motivation may play a role, institutional measures are a more reliable means of aligning the interests of the village head with those of a broad swath of villagers. In high capacity LLI villages, examples of such institutional mechanisms are adat structures in parts of Jambi and the BPD in some areas of Java and Jambi. In Sipahit Lidah and Koto Depati, traditional governance structures are highly integrated with state mechanisms. These flexible adat structures were noted in LLI2 (Fahmi 2002) and do not appear to have been weakened in the intervening period. In these villages, formal village structures are integrated into higher-level adat governance structures that are institutional means for inter-clan collaboration and mediation, as well as accountability mechanisms to hold clan leaders (who are also village government officials) in check. For example, in Sipahit Lidah, where one clan previously dominated, there has been a peaceful shift towards sharing of power between clans. Similarly, in Koto Depati, adat governance

structures facilitated mobilization for building a hydro-power generator to provide broad, cross-clan benefits to villagers.

Whether adat structures can provide an institutional means of balancing the village head's power may depend on the balance between bonding and bridging links between clans (Woolcock and Narayan 2000⁴⁷). In contrast to the on-going collaboration across clans in upland Jambi, clans in LLI villages in NTT have distinct leadership and governance, with intermittent (often annual) meetings to mediate concerns and needs between clans. Each clan tends to have strong capacity to mobilize members for collective action and to solve problems that affect only clan members. However, lack of structured collaboration and sometimes competition between clans inhibits problem-solving at the village (and inter-village) level. Several NTT villages, such as Mataloko and Ndonga, have experienced inter-clan disputes over the office of village head, water rights, and land allocations for project infrastructure. The balance between bonding and bridging links amongst clans thus affects both capacity and the potential of adat structure as a counterweight to the power of the village head.

In two villages on Java (Walet and Deling), the original conception of the BPD has been maintained, in spite of national policy changes to weaken the accountability function of this body⁴⁸. Here, the BPD continues to function as a means of bringing villagers' ideas and needs to the attention of village government, and as a check on both the village head (for example, by checking and commenting on annual reports) and other village officials (reviewing performance, requests for additional compensation, etc.).

Collaborative inter-elite relations remain instrumental to capacity. Elites often initiate

47 This observation is based on the adat structures and related problem-solving observed in LLI villages in Jambi and NTT. There is a host of different adat governance arrangements in Indonesia and the observation is unlikely to hold true for all of them.

48 See Chapter 7 for more details on the fate of the BPD.

collective action (increasingly the village head) and mobilize citizens to participate (other members of the elite often play this role); such collaborations enhance capacity. In villages where elites are in conflict, however, capacity is undermined. Internal conflicts redirect problem-solving efforts towards these issues, inhibit collaboration, and/or lead to active undermining of problem-solving.⁴⁹ All three effects of inter-elite conflict are evident in LLI villages. First, distractions from other problems are seen in Ulu Sebelat, where a village landowner is selling land to Bengkulu migrants, breaching village government decrees prohibiting such sales. However, because this person is better connected to district law enforcement agencies than the village head and other leaders are, the practice continues, drawing attention and resources from other issues. In Beral, the village head is secretive, making plans and decisions on his own. Other village leaders (BPD, hamlet heads, neighborhood leaders) are either apathetic or focus only on problems directly related to their locale. These avoidance strategies inhibit broader collaboration. Finally, there are examples of elites creating problems for each other. In Kalikromo, hamlet heads (who do not support the new village head) have appropriated the levies previously charged by the village for trucks extracting sand from the river, reducing village revenues. In Tiang Berajo, it is standard practice for political rivals to ferret out corruption to expose and remove the village head from office; the village has changed leadership four times in twelve years because of elites toppling each other. In Krajan, a feud between the new (migrant) and old (dynastic line of village heads) elites has resulted in a splitting of programs and resources (PNPM is controlled by old elite, while "aspirational fund" (dana aspirasi)⁵⁰

49 The roots of local conflict are often long-standing, but changes in the broader political environment may have exacerbated local tensions. As the office of village head has become more attractive, competition for the post has increased (as evidenced by escalating campaign costs). The opening up of the office (see Chapter 6) has also interrupted the prior dominance of political dynasties, bringing past resentments out in the open.

50 Dana aspirasi refers to fund given to members of parliament to be used to fund development projects in their constituents (pork barrel).

from the district parliament and forest resources are controlled by new elite).⁵¹

However, if inter-elite relations are too close, village leaders may collaborate to address common problems, but also create new ones, stand in the way of solutions, or monopolize problem-solving benefits. If the village government's close collaborators act as gatekeepers for key inputs or outputs, officials rarely intervene in favor of residents. For example, in Koto Depati, collaboration between the village secretary, village head, and BPD chair has enabled the village to get electrical power through a micro-hydropower plant. However, the village secretary also monopolizes the distribution of subsidized fertilizer, providing it only to farmers who also sell their potatoes to him (at a price of his choosing). Other village leaders are aware of this arrangement, which villagers point to as one of the main impediments to their getting ahead, but do not intervene.



Even when they share problems with a broad swath of villagers, close-knit elites sometimes monopolize benefits such that the problem-solving efforts provide little help to other residents. In some LLI villages (Kali Mas, Kelok

⁵¹ Note that political competition can also be channeled into accountability efforts, such as in Karya Mukti where an effective BPD chair (2000-2007) lost the vote in a previous village head election.

Sungai Besar), one farmer group repeatedly turns up in programs and collective mobilizations to resolve conflicts. Such groups appear to have predominantly elite members (and sometimes additional fictional ones) who are well-versed in programs and ensure that benefits flow mostly to them. In other villages, elites ensure that public goods such as roads and wells are located in places that benefit them disproportionately.

EXTERNAL

Comparing shifting relations of power since LLI2, two particular patterns have bolstered local people's position relative to external actors. The first of these is the relative strengthening of villagers' control over land and accompanying natural resources, found in Jambi. Second, democratization and decentralization have provided opportunities for villages to leverage substantial resources from connections at the district level. Notably, however, not all villages have been able to capitalize on these two shifts to enhance capacity.

As noted in the discussion of assets and capacity above, changes in access to natural resources can significantly affect communities' abilities to address problems. In Jambi, the declining power of logging and plantation companies (relative to LLI2) has been a boon to medium and high capacity villages.⁵² For these villages, national, provincial, and district policy changes⁵³ have both facilitated solutions to long-standing disputes with companies and improved resource governance through land protection. In Kelok Sungai Besar, the village head has spearheaded a decade-long campaign to resolve disputed claims over land planted with oil palm (see Box 5). This dispute was recorded in LLI2, but in 2000 the village's efforts (which had already been on-going for five years, awaiting action by the district parliament) seemed futile in the

⁵² These patterns have been noted in other resource-rich parts of Indonesia (see Wollenberg 2009).

⁵³ In the early years of decentralization, districts were given control over rights issued to companies. This authority was then taken back by the national government. See also Jambi provincial report (59-60) and McCarty, Vel and Affif (2012).

face of companies backed by the military. In the intervening years, however, the village head, working with other villagers with claims on the land, NGOs, and key actors in local government, took the case all the way to the Supreme Court where the villagers won. This case illustrates how the village's strengthened position relative to external actors has enhanced capacity, by resolving previously intractable problems.

BOX 5: Reclaiming land in Kelok Sungai Besar, Jambi

In 1992, a palm oil plantation company started to clear land in Kelok Sungai Besar. There was no discussion with the villagers beforehand and when they tried to stop the company, they were told that they would receive compensation of IDR 200,000 for every hectare of their land and that they would be given a large area of land to develop palm oil gardens in the plantation. However, the company reneged on its promises.

In 1995, the villagers filed a suit against the company. This action was led by T, the present village head, who hired a lawyer from a provincial legal aid organization. However, the suit was deemed unclear and rejected in court.

In 2002, the village head mobilized villagers to rally to district parliament. They managed to get the district parliament to form a team consisting of the local government, district parliament, and the company to conduct fact finding in the field. The work resulted in an agreement to give 165 plots to 165 households. As of the end of 2002, the agreement remained on paper.

In 2003, the village head, his staff and other community leaders met and discussed a plan to occupy the company's plantation. They notified the local police, district head and other relevant institutions about their plan. Villagers from 480 households, led by their neighborhood heads, divided the 1,680 hectares of land among them and tended to the plants. The district head gave

a nod to this move as he was about to run for re-election.

In 2008, the village head found out that the company had filed an application for land tax exemption in the previous year. He then prepared all the documents to have the local land tax office issue the land tax form and paid the tax to 2009. In 2009, villagers started to harvest the palm oil. Seeing this, the company reported the villagers to the police for theft of the palm oil. Three villagers, including the brother of the village head, were arrested, charged and put on trial. This case triggered rallies to free the three, facilitated by a regional environmental group. The local media also helped bring the case into the public eye; and when violence erupted, the National Commission for Human Rights and other NGOs arrived on the scene and made the case national news. The court then discharged the three villagers and an appeal by the attorney to the Supreme Court was denied.

Another major rally was conducted in 2010 to resolve the case, with the support of regional NGOs. An agreement with the company was reached that villagers would get 168 lots in the plantation (2-2.5 hectares per lot) and the district head issued a decree to this effect. Other arrangements were made, including a crop-sharing agreement (villagers and company to get 70% and 30%, respectively) and an agreement that the villagers would pay for the land certificates and take out loans to develop the plantation.

In the end, however, the agreement did not work out as expected. The villagers got just 83 lots, as the remainder of the 168 lots had still not been planted. Turmoil continues, as another company had claims on some parts of the disputed land, underscoring the precariousness of villagers' gains.

Other villages have been able to use district regulations to formalize their control over disputed land. For example, the Sipahit Lidah