



The Participation and Civic Engagement Team works to promote poverty reduction and sustainable development by empowering the poor to set their own priorities, control resources and influence the government, market and civil society institutions; and influencing governmental and private institutions to be responsive, inclusive, and accountable.

Note No. 73

March 2003

Case Study 4 - Indonesia: Participatory Approaches in Budgeting and Public Expenditure Management

Indonesia: Community-Based Monitoring of Social Safety Net Programs¹

Background

Following a dramatic drop in per capita GNP from US\$ 1200 in early 1997 to US\$ 680 in 1998, the Indonesian government began implementing social safety net (SSN) programs targeting the adversely affected - those who became poor after the crisis and everyone already living in poverty. These were aimed at supplementing their purchasing power through the Special Market Operation (OPK) of subsidized rice distribution, preserving access to critical social services such as education through student scholarships, and augmenting incomes through labor intensive employment opportunities. To monitor the implementation of these SSN programs and to provide donors and government with qualitative information about the social impacts of the 1997 financial crisis, the World Bank formed the Social Monitoring and

Early Response Unit (SMERU) with major assistance from AusAid, Asia-Europe Meeting Fund, and USAID. SMERU has five different units² with tasks of, i) building local capacity for rapid assessments of potential 'danger' situations in the field, ii) forming a network of networks of NGOs for information exchange at all levels, iii) building capacity of communities to do their own monitoring, iv) storing and analyzing quantitative and qualitative data, and v) conducting a study on the impact of provincial trade deregulation. CBM is thus just one of the five units responsible for one of the core mandates of SMERU. With an authoritarian regime in place for much of the past 30 years, Indonesia did not have a strong tradition of civic participation in public life, let alone open scrutiny and monitoring of government programs. Community Based Monitoring under SMERU thus started in October 1998 by declaring that not much was known in the country on how monitoring of

² Crisis Impact and Program Monitoring, Community Based Monitoring, Otonomi Daerah, Data Analysis, and NGO Liaison & Partnership.

¹ Draws heavily on material posted at www.smeru.or.id

This note was prepared by Swarnim Wagle and Parmesh Shah of the Participation and Civic Engagement Group in The World Bank as a case study input on "Participatory Approaches in Budgeting and Public Expenditure Management" for the Action Learning Program on "Participatory approaches at the Macro level". Further details and documents related to this Action Learning Program are available at www.worldbank.org/participation

government programs ought to proceed. Hence an action research project was initiated in three areas, one urban and two rural. Based on these findings, a full-fledged guideline on CBM was to be prepared.

Process

Three areas that were chosen by SMERU in September 1998 for pilot monitoring were Bandung City in kelurahan Cibangkong, and Gangga and Sekotong in kabupaten Lombok Barat. In Bandung, the process was kicked off by a team from SMERU introducing the program to the mayor and officials from local government agencies in the city. After the mayor endorsed the idea of monitoring the flow of funds intended for the targeted beneficiaries, SMERU and its civil society partners undertook social mapping, identified local stakeholders and invited their representatives to attend an inclusive community workshop. SMERU was however only facilitating the process. The real hosts were the people from RW 11 – one of the sections of Kelurahan Cibangkong – who in turn invited representatives from 12 other RWs in the Kelurahan. This workshop paved the way for the formation of a forum of RWs in the region. People attending the workshop democratically elected community volunteers to lead the Kelurahan forum. SMERU introduced the program in Lombok Barat similarly by briefing the chief of the region. Because of difficulties posed by geography, elaborate participatory community workshops, as happened in urban Bandung, could not be held here, although residents of one village each in Gangga and Sekotong were consulted. A forum of village representatives was created, and as in Bandung, results of the participatory processes were presented to a ‘trans-actors’ forum – a much wider ‘social space’ at the kabupaten level - with representatives from the community, regional government, universities, media, NGOs, etc.

Within the respective forum, several task forces were formed with representation drawn from all parts of the city (all 13 RWs) and all the villages in the rural regions to look at specific aspects of the SSN programs. It was agreed that monitoring would be done through what was described as a

‘multi layered problem solving approach’, beginning at the level of the kelurahan (village) and kecamatan (district) forums. Complaints on specific programs would first be directed to the respective task force, e.g., complaints about cheap rice not reaching the neediest would be handled by the OPK task force at the village forum level. Problems that couldn’t be solved here would then be forwarded to the Task–Actors forum that facilitated open meetings among community representatives and government officials. If problems still remained unresolved even at this ‘meso’ level, they would then be put forth for resolution at the level of the line ministries. This multi-layered approach was introduced to ensure that the central government was not inundated with complaints that could be best verified and taken care of by empowered bodies at lower tiers. The forums also have a task force responsible for the community’s general development needs, resources, and constraints that serves to support bottom-up development planning. As these discussion forums are being institutionalized, SMERU has been working to create a transparent information system that allows the public to access data on budget allocation, criteria for target group identification, and disbursement mechanism, so that the task of community monitoring would be easier.

Results

The forums have become suitable effective venues for local conflict resolution. People have brought anomalous cases to the attention of the forum, many of which have been instantly resolved.

Some examples:

In Lombok Barat, people complained that subsidized rice under the OPK program arrived late. The responsible agency for distribution blamed the late arrival of operational funds for this slow delivery. The community agreed to advance transportation costs to remedy the delay. Some also complained that many non-poor families were included in the list of cheap rice beneficiaries. This was verified, and the forum agreed to weed out ineligible beneficiaries by repeating the selection process. Poor families

also complained that they had to pay a hefty Rp. 2,500 to transport the rice home. The head of the village and OPK team agreed to drop the rice not at the kelurahan office, but down at the dusuns.

Also in Lombok Barat, students complained that they were not receiving the full amounts of their scholarship money. The forum consulted with students, parents and the school to find that of the allocated amount of Rp. 120,000 per quarter, the students had only received Rp. 55,000. It was revealed that the school master had been siphoning part of the grant to other deserving students, as only 27 of the 108 poor students qualified for these awards. Part of the money was also being used to purchase wood for the school. Deemed not a gross mismanagement for personal gain, the community forum however did request the school master to get approval from the scholarship committee before he took actions that were not sanctioned by the school regulation.

In North Jakarta, complaints surrounding the manipulation of the names of workers on the cleaning up of the Kamal Muara canal, as well as concoction of fictitious names of micro-credit recipients, were investigated and verified. This forced the local authority to agree to identifying target groups in conjunction with the community forums.

While the forums in the city and the villages were originally created to specifically discuss SSN programs, this space has already been broadened by the people to discuss wider community issues such as land disputes, local public services, local sanitary conditions, etc. A country with weak democratic traditions, the contributions these forums are making in Indonesia by allowing people to come together and debate their rights and discuss about their legitimate entitlements has added immense value to local social infrastructure, which means that even after the SSN programs are withdrawn, these are likely to be sustained as active self-governed community organizations.

Monitoring has highlighted subtle but serious flaws in the targeting and design of SSN programs such as their failure to take into account local conditions. It was found that when

one of the national criteria for identifying the poor was by looking at whether houses had a dirt floor, in regions like Lombok Barat, where having a dirt floor was part of the way people lived irrespective of their ownership of wealth, even rich people qualified for SSN programs while in some other parts where even the poor lived in elevated houses with wooden floors, they were not be included as targets. Similarly, under the labor-intensive programs in some regions, people were using the money allotted for wages to buy materials like asphalt, cement and sand, and contributing labor for free. This showed that communities needing development projects had been mis-identified as those needing income generating opportunities. Also in some places where targeting of remunerative labor programs had been done right, it was, however, seen to undermine the tradition of voluntary collective work.

A Note

SMERU's experience in community monitoring is very recent, and it is only complementing numerous other initiatives by the government and other donors in this field. Because all this was triggered by the 1998 financial crisis, and both SSN programs and their evaluations are both a work in progress, there does not yet exist a rich pool of evidence and experience to draw far-reaching conclusions from the successes, or lack thereof, of these initiatives. But initial signs are promising, and all actors seem to realize that community-based activities are there to continue, even after the SSN programs cease to be implemented, justifying multiple interventions at institutionalizing these nascent efforts presently.

