ABSTRACT

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

INTRODUCTION

THE STUDY SITE: BLITAR CITY

Blitar city (kota Blitar) is known in Indonesia as the final resting place of Sukarno, the first President of Indonesia, and as the location of the ancient Panataran temple. These two attractions make Blitar a popular tourist destination. The city, which includes three sub-districts (kecamatan), is only 33 km², making it the second smallest city or district in East Java. Most of Blitar’s 123,000 citizens (2001 figure) are of Javanese ethnicity and work in the restaurant and hotel industries or other services industries.¹ Blitar’s poverty rate is 27 percent, a bit lower than the provincial rate of 29 percent but higher than the national rate of 19 percent.²

BLITAR’S COMMUNITY BLOCK GRANT PROGRAM

Block grant programs make available a set amount of funds for which local government submits proposals for development projects. There are many block grant programs throughout Indonesia, but they are not part of a nationwide program nor mandated by central government. They do have a common goal: to empower local government and refocus district government on district-wide planning and implementation of social services and development. Many programs have not, however, had the desired result. Problems include inadequate funds, unclear authority, a top-down approach, under-coverage of the target population, and leakage of funds.³ The Blitar Community Block Grant Program is different from other such programs in Indonesia because it gives local government a great deal of authority in project decision-making, empowers existing local government as well as local representative community structures, integrates Community Block Grant (CBG) Program planning with the existing formal development planning process (Musrenbang), and emphasizes community participation.

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

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

¹ Blitar Regional GDP (2003).
³ Dharmawan (2005).
⁴ Paraphrased from General Guideline Block Grant Program (2005).
At the city level, the mayor and the DPRD (Local House of Representatives or Dewan Perwakilan Rakyat Daerah) supervise the CBG Program, but the key player is the City Block Grant Coordination Team led by the Bappeda (City Planning Department or Badan Perencana Pembangunan Daerah) and including the Public Works Department (Dinas Pekerjaan Umum), the Treasury Department, and—as needed—the Departments of Social Welfare, Trade and Industry, Small and Medium Enterprises, and Agriculture. This team determines program funding allocations to each kecamatan, coordinates with city strategic planning and provides direct program supervision.

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

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

RESEARCH QUESTIONS AND METHODOLOGY
The following hypotheses were tested during the fieldwork:
1. Community participation is a key and effective element of the CBG Program.
2. The CBG Program benefits poor communities.
3. The CBG Program is sustainable.
4. The LPMKs play an important role in the success of CBG projects.

Three researchers visited Blitar for eight days in late March and early April 2005, conducting semi-structured interviews with 61 people, including the Mayor, the heads of Bappeda and the Ministry of Public Works, DPRD members, one Camat together with 7 Lurah, and one planning consultant. Five focus group discussions were held with the Lurah, RT and RW heads, kecamatan and kelurahan office staff, poor families, community activists, current and former LPMK members, project beneficiaries, and 8 members of a local NGO, FORMAK. The team also observed three public meetings including over 100 people (a joint meeting of the Independent Kecamatan Monitoring Teams, one Musrenbang and one pre-Musrenbang in Kelurahan Kepanjen Kidul).

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

6 The LPMKs were formed by Presidential Decree No. 49/2001, which transformed the previously existing Lembaga Ketahanan Masyarakat Desa (Village Community Security Institutions).
**Findings**

Is community participation a key and effective element of the CBG Program?

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

Blitar is also unusual for its "pre-Musrenbang," essentially a Musrenbang but at RW level. These pre-Musrenbang are suggested by government throughout Indonesia but rarely implemented, because they are time-consuming and very costly to implement over a large area. In Blitar, local government encourages active participation of attendees through pre-Musrenbang.
At both RW and kelurahan levels, debate is intense as people fight for their proposals, only a subset of which will be brought to the next (kelurahan, and then kecamatan) level. At the kelurahan level, all RW and RT heads are invited to present the rationale for their proposals. The group as a whole chooses which projects to shortlist; the Lurah (kelurahan head) only facilitates the process. Although the final choice of projects to fund is still ultimately made by the Camat and Bappeda at kabupaten level, this iterative and participatory process ensures that all projects selected are based on community input and needs, since the final list derives from proposals initially put forward at the pre-Musrenbang and in meetings at the RT and RW levels.7

### Local input into project choice

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

**Effective community participation has resulted in newly empowered local communities.** Now that villagers have seen projects pass from proposals into reality, they are learning that they can effectively participate in local governance, and see that government can serve their needs. Villagers are more curious about the role of government in service provision. As one local woman told researchers, “Yes, there has been a change among people—now we don’t doubt ourselves; we are not afraid to ask the government questions.” Villagers attend CBG meetings, reflecting their belief that their attendance can make a difference. Attendance at the initial RT and RW meetings had “people flowing out through the door, and many sitting outside.”9 The response to the question of whether community members considered these projects "their own" was overwhelmingly affirmative.

**What makes Blitar CBG projects different?**

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

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

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7 Dharmawan (June 2005).
8 Focus group discussion with Kepanjen Kidul Camat and 7 Lurah.
9 Musrenbang.
Financial and in-kind contributions are a proxy for community ownership and participation. About 17 percent of the 2002 CBG Program budget was contributed by communities, dipping in 2003 to 13 percent but rising again to 22 percent in 2004. Some communities have increased their contributions as a way of expanding project scale to cover larger areas. In-kind contributions such as labor, meals and cigarettes for workers, donation of local materials, and even voluntary contributions of land\(^\text{11}\) are another important part of community involvement, and sometimes represent 5 to 10 percent of total project value.\(^\text{12}\)

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

The projects funded reflect communities’ preference for infrastructure over training. Most CBG Program funds have been spent on infrastructure or “physical projects,” including renovation and/or construction of government offices, mosques, drainage ditches, roads, walkways, embankments, kindergartens, primary schools, public toilets, cemetery gates, health clinics, security posts, meeting halls, women’s group buildings, small bridges, and housing for the poor, as well as provision of garbage bins and equipment for kindergartens, community sports, mosques and churches. Prior to the CBG program, communities stated that small infrastructure projects were seldom implemented, and when done, were not based on any kind of consultative process at the local level. Rather, “every now and then they would just come in and build something, we didn’t know why.”\(^\text{13}\)

Women speak up, too. Three out of six RT heads and two LPMK members in Ngadirejo urban village are women; others lead the Women’s Empowerment Unit of the LPMK and a women’s small business working group. Although simply being there does not ensure women have a say, in Ngadirejo the women do. The research team observed high levels of activity among the women RT heads in the *Musrenbang* meeting, particularly regarding CBG projects related to education and small business. As a result of their input, according to the head of the women’s working group, CBG funds for household businesses (such as production of fried cassava chips for sale) have increased each year.

In the first year of program implementation (2002), 100 percent of funded projects focused on infrastructure. The percentage decreased to 89 in 2003 and again to 78 in 2004,\(^\text{14}\) with the remainder of program funds devoted to projects such as driver training and subsidies to purchase driver’s licenses, and training in sewing and silk-screening. Starting in 2005, city government has mandated that no more than 60 percent of CBG Program funds go toward infrastructure projects (with a few exceptions, such as housing for the poor). The decreasing percentage of infrastructure projects funded reflects not only city government’s encouragement of this trend, but (according to some officials) a growing realization on the part of local people and local government that activities such as training are a more

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\(^\text{10}\) *Kelurahan* Kepanjen Kidul interview.

\(^\text{11}\) In some cases, villagers have contributed small strips of land along their plots to irrigation or road projects which benefit all families in the project area. Previously there would have been a sense of resentment if the government had claimed land for projects about which the community had not been consulted. Furthermore, no coercion was reported.

\(^\text{12}\) Head of the Public Works Department.

\(^\text{13}\) One woman respondent in *Kelurahan* Ngadirejo.

\(^\text{14}\) Hidayat (2005).
productive use of program funds in the long run than infrastructure. Interestingly, in the first year, funds could be used for renovation of local government buildings. This practice stopped in subsequent years, since these projects didn’t directly benefit the community. However, the Mayor felt that, originally, the program was most importantly a learning experience for local officials, to change their mindset from “those who are served” to “those who serve.” Allowing local government officials real control over funds helped them learn how to use resources to benefit the communities, as well as how to manage the overall planning and implementation process.

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

**DOES THE CBG PROGRAM BENEFIT POOR COMMUNITIES?**

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

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

1. *Kecamatan Kepanjen Kidul*
2. *Kecamatan Sananwejan*

15 Focus group discussions in Sukorejo and the Mayor’s presentation on the Blitar CBG. *Posyandu* rehabilitation, providing equipment for mosques and churches, and slum housing renovation are categorized as non-physical.
16 Focus group discussions with poor households in *kelurahan* Sukorejo and Ngadirejo.
17 Phone interview with Kepanjen Kidul *Camat*. 
Of all CBG projects, funding for slum housing renovation has provided the most direct benefits to the poor. Until 2005, city government only encouraged kecamatan to spend money on slum housing. Clear benefits to the poor of pilot projects in slum renovation have, however, caused the city to require that Rp. 200 million (US$21,000) of each kecamatan’s CBG funds be used on slum renovation projects from 2005 on.

**Slum housing renovation for the poor.** In 2003, Blitar’s *Dinas Sosnaker* (the Department of Employment and Social Welfare) paid for the renovation of 52 slum houses, but according to local NGO FORMAK, this project was ineffective because there was no community participation and little flexibility in implementation. In 2004, Pakunden kelurahan paid for the renovation of 11 slum houses. The work was implemented by the LPMK this time, but with the same problems. Thus, FORMAK took the initiative to raise private funds from local donors to renovate more slum houses in Pakunden, implementing and managing the project with a team of local leaders and beneficiaries. FORMAK claims that even though each beneficiary family received less money than through the government projects, community participation made the project successful.

Due partly to FORMAK’s advocacy, the Blitar government has decided to earmark some CBG funding for slum housing renovation from 2005 on. At the same time, *Dinas Sosnaker* will continue to implement its slum renovation project. The head of *Bappeda* explained that CBG slum renovation is intended to be a pilot project; Blitar government wants to see whether slum renovation is more effectively implemented by communities (through CBG) or by government (through *Dinas Sosnaker*).

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

**IS THE CBG PROGRAM SUSTAINABLE?**

Yes. Technically, institutionally, financially, and socially, the Blitar CBG Program appears to be sustainable. Technically, communities feel that implementation of the CBG

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18 Kepanjen Kidul and Sananwetan Camat.
19 The recommendation was that each kecamatan spend 10 percent of its CBG budget for this purpose.
20 Sananwetan and Kepanjen Kidul Camat; FORMAK Report, Susilo–FORMAK (2005); interview with head of *Bappeda*. 
infrastructure projects has been more efficient than previous government-led projects, with higher project quality and more appropriate project selection. The head of the Public Works Department agrees: the small-scale CBG projects (usually less than Rp. 50 million) have simple designs, allowing communities to implement them easily. 21 Although some technical problems are still difficult for the LPMK and communities to solve, such as the accurate calculation of materials needs and construction design, with the help of program planning consultants and the Public Works Department they can now handle some of those tasks. Communities are now also able to manage project budgets and materials better, so that estimated project costs submitted during the pre-Musrenbang are more accurate, and thus allocated funds are more likely to adequately cover real project expenditures.22 Increased community ownership also affects project sustainability. As one woman in Kelurahan Ngadirejo explained, "Before, the irrigation canal along our paddies [built by the Public Works Department] was often broken. Now, we are more careful as it is our own village."

Institutionally, the CBG Program is likely to be sustainable in part because of its integration with the formal Musrenbang process, which requires cooperation between kecamatan and kelurahan officials and community bodies (the LPMKs, and RW and RT heads), and avoids the creation of new and redundant institutions.

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

Some government departments initially felt that the program would infringe upon their areas of responsibility. For example, members of the Public Works Department were worried that CBG funding for small-scale infrastructure projects would limit their control of those projects. Also, contractors who had previously won contracts for these projects were initially extremely unhappy. As the program has progressed, however, both groups have realized that these small projects are less efficient for their organizations, taking up relatively greater time and management energy and providing relatively smaller profit margins. The Public Works Department has “realized that it is more efficient for communities to implement these small projects,”23 allowing it to focus on larger and more strategic initiatives such as a city market and large-scale irrigation. Other government officials speak approvingly of the program’s community participation: “Some improvements I see in the CBG Program: it gathers people’s aspirations at the RW level, and makes them into priorities for project proposals.”24

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21 Phone interview with head of the Public Works Department.
22 Interviews with planning consultant, LPMK members.
23 Head of Public Works Department.
24 Representatives of PDIP Party and PKB Party; DPRD Secretary.
Financially, the program is very low-cost despite annual increases in CBG funding. It is funded by the APBD (district revenue and expenditures budget), of which DAU (Dana Alokasi Umum, or central government transfers) constitute about 70 percent.27 The CBG Program costs less than 2 percent of the total city budget annually. Since wider yet related bureaucratic reforms have increased local revenues, leading to a 20 percent increase in the APBD budget from 2002 to 2004,28 and since the program accounts for such a small amount of the budget, neither executive officials nor DPRD members see the program as a major budgetary burden.29

The program is also sustainable from a social point of view, since a high level of community involvement in the program, mainly during planning and implementation, as well as increasing community contributions to project cost, both in money and in kind, demonstrate communities’ feeling of ownership and commitment to the program.

**The Mayor’s willingness to let communities “make mistakes” in project implementation makes program sustainability more likely.** The mixture of project types is shifting. The Mayor has said, "One big challenge so far is that communities are interested in ‘instant’ projects which they feel are easier to implement; that's why they choose [mainly] infrastructure projects.” But he feels that allowing communities and local governments to discover on their own that infrastructure projects are not the most productive use of CBG resources is important for their “social learning.”30 “The essence of the CBG program is social learning, not perfection; there is room for mistakes and to move forward.” Other government officials are not convinced that “social learning” is worth the potential waste of resources. According to the Sukorejo Camat, for instance, sometimes it is hard for communities to distinguish their “wants” from their “needs,” so he welcomes the new program regulation that 40 percent of program funds be spent on non-infrastructure projects. However, it is more likely that communities will accept regulations when they have had a chance to learn how the money can be spent more effectively, and will continue to participate in the process rather than feel resentment or become disengaged.

The only threat to the sustainability of the Blitar CBG Program seems to be its insecure legal grounds. The Program is regulated by a Surat Keputusan Walikota (Mayor’s

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25 General Guidelines; interview with Bappeda head; kecamatan Sukorejo.
26 Including Rp. 200 million per kecamatan for slum housing renovation; not including community contributions as they have not yet been fixed.
28 2002 APBD was Rp. 316.5 billion, 2003 APBD Rp. 344.0 billion, and 2004 APBD Rp. 382.6 billion. Ministry of Finance (www.depkeu.go.id).
29 DPRD member.
30 Interview with the Mayor.
Decision), rather than a Local Regulation/PERDA, which means that it is legally possible for a new mayor to cancel it. However, this would be a very politically risky move, given the program’s popularity.

**DO THE LPMKs PLAY AN IMPORTANT ROLE IN THE SUCCESS OF CBG PROJECTS?**

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

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

**SUCCESS FACTORS**

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

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Local NGOs can play an important role in LPMK oversight. The Kepanjen Kidul LPMK had a reputation for poor performance and corruption. It had "marked up" many CBG projects, such as a public toilet project which cost only Rp. 7 million but was reported as Rp. 15 million. As a result, fewer toilets were built for the money allocated. In response, FORMAK (the Anti-Corruption Forum), an NGO whose members live in Kepanjen Kidul, mobilized the community to remove all LPMK members in the upcoming election. The NGO effort succeeded, and all-new LPMK members were chosen by the communities themselves in 2004.

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31 FORMAK, head of Bappeda, head of the Public Works Department.
32 5 out of 7 LPMKs in Kecamatan Kepanjen Kidul, 2 out of 7 in Sananwetan, and 2 out of 6 in Sukorejo.
Program implementation has been integrated with the Musrenbang process and the local LPMKs. The CBG Program was envisioned from the start as an excellent opportunity to exercise newly granted local autonomy, providing opportunities for local government (especially at the kecamatan and kelurahan levels) to learn how to think strategically and integrate local-level into higher-level planning (such as the Renstra). Indeed, local administrative and managerial capacity has increased.\textsuperscript{33} Since the Mayor recognized the value of using existing community-based structures such as the LPMK to implement the program, local bureaucrats at the kecamatan and kelurahan levels and locally-elected community representatives are also learning how to collaborate.

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

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

In 1999 a group of five high-level Blitar officials together with four city legislators began working together to develop a five-year strategic plan (Renstra) for the city to take advantage of newly granted local autonomy. The following year, a former professor of public administration was elected mayor and took office determined to implement the plan. Reforms such as the promotion of bright young government employees to the position of Camat were undertaken at once. Between 2000 and 2002, an “aspirations gathering” (jaring asmara) process was carried out by the Mayor and others through which newly-elected local government officials worked to understand local wants and needs. In 2001, discussions began about the creation of a block grant program to empower local government and communities, in line with the nationwide effort to fund small community projects. The program, intended as a pilot, was initiated and developed by Blitar city government without international or NGO assistance, in contrast to the block grant programs of many other districts in Indonesia.\textsuperscript{34}

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

\textsuperscript{33} Interview with City Mayor, head of Bappeda, and Kepanjen Kidul Camat.

\textsuperscript{34} Interview with City Mayor; Blitar City’s Government Bureaucratic Reform Book (2004).
entitled officials, in the spirit of the era of decentralization and increased local autonomy in Indonesia.

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

LIMITING FACTORS

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

Neither the LPMKs nor the Independent Monitoring Teams are accountable. The LPMKs’ role as project implementers compromises their position as project monitors. This dual role has drawn some criticism, in particular from the newly created Independent Monitoring Teams. LPMKs are seen as unlikely to be objective in monitoring since they are part of the program implementation structure; meanwhile, there is no formal mechanism for monitoring and evaluating the LPMKs themselves, leaving open opportunities for corruption. Even though communities in extreme cases are able to remove LPMK members, no report or evaluation is ever fed back to them. Communities are also not yet demanding LPMK transparency in accounting for funds received and spent on project costs.

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

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

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

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

**MAKING IT REPLICABLE**

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

**Ensure that key players are playing the most effective roles possible in program implementation.** There is much disagreement about the effectiveness of the roles of various actors, in particular the LPMK, the Independent Monitoring Teams, and the planning consultants.

Much debate concerns the roles of the LPMKs, RW and RT in monitoring and implementation. LPMKs do most implementation; however, some believe that RW and RT teams would be more appropriate in a project implementation role, further strengthening local capacity and improving the efficiency of implementation. In this vision, the LPMKs would monitor the RW and RT project teams. In some instances this is already occurring, but in 2005 LMPKs were still implementing most projects, with little accountability to the community, local kelurahan or kecamatan officials, or IMTs.

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

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

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