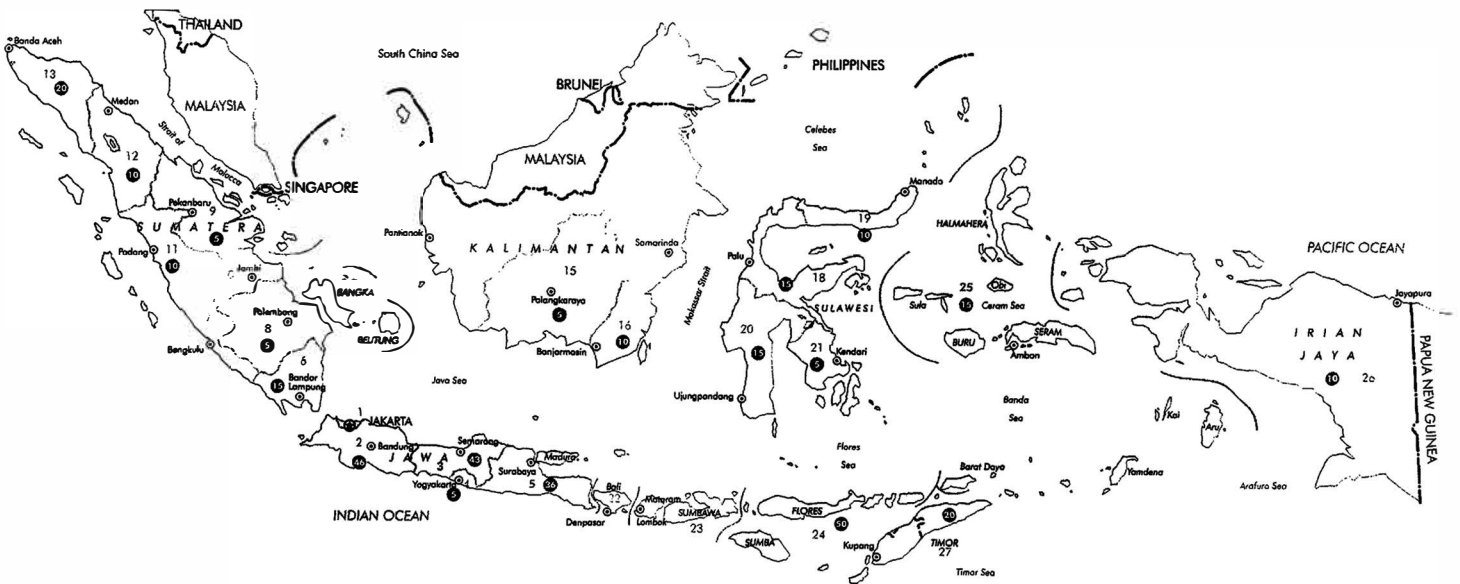# Origins of Community-Driven Development: Indonesia and the Kecamatan Development Program

Scott Guggenheim

Scan of original Kecamatan Project map

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Abstract

One of the big development challenges of the twentieth century has been defining the role that poor people – the subjects of development – could and should be playing in modern development. The author, a founding father of community-driven development at the World Bank Group, sets out a personal history of how he came to apply core concepts from anthropology, history, and sociology in pursuit of the moral project of finding ways to engage people not just as individual beneficiaries or targets for development, but as social and political beings whose institutions, priorities, values, and voice matter. Beginning with the Kecamatan Development Project in Indonesia (KDP), this essay charts the author's journey, starting with the puzzle of how to enable agency for villagers when someone else holds most of the power and all of the money. Indonesia's historical interest in rural development created an opening, but it was the 1998 political and economic crisis that cracked not just the Indonesian development model but also the World Bank's strictly technocratic approach to poverty. The essay then moves from community-driven development in Indonesia to developing a model that the World Bank could work with more broadly – and the technical, fiduciary, and bureaucratic innovations required throughout. The author reflects on the mainstreaming of community-driven development in the aftermath of KDP, describing the personalities and processes that presented both inspiration and hurdles along the way.

The Origins of Community-Driven Development: Indonesia and the Kecamatan Development Program

By Scott Guggenheim

The Origins of Community-Driven Development: Indonesia and the Kecamatan Development Program[1]

In recent years, community-driven development (CDD) has blazed across the World Bank's horizon of development. In 1990, there were, for all intents and purposes, no large community-driven development projects; by 2018, there were over 170 projects or large components of such projects. Together, these represented a lending volume of over US $20 billion. Ranging from $7 million, one-off projects on small Caribbean islands to billion-dollar, decades-long programs covering countries as large as Indonesia, Morocco, and Myanmar, each year the Bank's community-driven development projects build thousands of kilometers of roads that link farms to markets and children to schools. They provide clean, potable water to millions of people who no longer have to drink from contaminated wells or even runoff. Community projects have proven to be particularly robust in those tense situations following a war or a natural disaster, where community mobilization provides a way to rebuild broken lives and help afflicted villages recover their livelihoods at a scale and speed that no centrally run program can achieve.

The core philosophy that undergirds community-driven development is both orthodox and innovative at the same time. Very little about community-driven development should come as a surprise to a development economist. The idea that given sufficient information and a chance to make a choice, most people will align their spending with their preferences says nothing new. And the idea that letting people negotiate directly with each other, which is the idea that lies at the heart of community-driven programs, is a smart way to let them reach an agreement on how to spend scarce funds which is usually better than trying to force them to

follow the wishes of an outside party, is not all that far from textbook neoclassical theory either.

And yet other parts of community-driven development do mark a parting of the ways from much post-war development. Community-driven development was the first large program model to consciously and deliberately apply the concept of "social capital" to development project design. CDD talks of "partnerships" and "ownership" rather than "targets" or "beneficiaries." Much of what is needed to design a community development project is for state agencies to do less rather than more; to let go of the elaborate planning systems that government and their partners build so that money can be moved from national accounts to technical ministries, all overseen by tight financial controls and reporting systems. Instead, while community development projects still need a sound technical design and good financial oversight, much of their success or failure depends on how well their processes align with community social structures, perceptions of need, and modes of operating. Designing a good community development project means investing beforehand in sociological analysis of how states and communities engage with each other.

As someone now old enough to not only be called a founding father of community-driven development but also someone so past his expiration date that he now teaches courses on it, I thought it would be useful for the World Bank's internal history keepers for me to write down a personal history of how I came to apply core concepts from anthropology, history, and sociology to one of the big challenges of the twentieth century, the role that poor people could and should be playing in modern development.

This essay describes my own journey to developing an approach that used core concepts about culture, social structure, and state administration to develop a model for local development that the World Bank could work with using its own comparative advantages and skills. KDP, the Kecamatan Development Project in Indonesia that became the prototype for much of the Bank's community-development work, has gone through various incarnations that provide almost twenty years of continuous, well-documented history and evaluation.

The Making of a Development Anthropologist

My introduction to international development came through an 8-year apprenticeship at the foot of Michael Cernea, the World Bank's first full-time professional sociologist, that began in 1986. Michael, a Romanian sociologist who had written several books on Romanian peasant social structure before eventually defecting to the World Bank on the invitation of Robert McNamara, was a unique character to work with. Deeply committed to the idea of development, as a Jewish refugee from Ceausescu's oppressive state, he was also attuned to the ways that overly powerful state bureaucracies could turn development for the many into a nightmare for the few. In the World Bank, this unfortunate trait of "development unchecked" had been thrown into stark relief through some early work he'd done on population displacement caused by large engineering projects such as the hydro dams or large land colonization schemes that had come into vogue in the 1970s and 1980s. While the World Bank had had a policy on displacement caused by project investments on its books since 1982, it was a policy apparently honored as much in the breach as in its observance, often with devastating impacts on the people being displaced. Together with Bill Partridge, David Butcher, Cynthia Cook, Dan Aronson, and several other Bank staff and developing country partners, we spent nearly seven years carrying out Bankwide reviews and operational work on the social impacts of involuntary resettlement, an effort that reached the Bank's senior

management with the publication of the high-level 1994 Bankwide Resettlement Review and the follow-up corrective action program.

But not all of our work together was salvage. Simultaneous with the work on resettlement was another large stream of work on how culture, social organization, and local knowledge could lead to better project designs. While this work was eventually published as the second, revised edition of the influential *Putting People First*[2] collection of essays, in fact, for someone on the inside of the World Bank, the real forum for thinking about how to couple field knowledge with World Bank policies and programming came from participation in the informal sociological working group, a Bankwide network coordinated by Michael that brought together well-known external social scientists with the Bank's brightest managers and technocrats.[3]

As a newly minted anthropology Ph.d. joining these roundtables, I appreciated first-hand exposure to the insights from some of these leading thinkers in development social science. But to be honest, I learned far more that was new to me from watching how some ideas made sense to the World Bank staff, while others simply did not resonate. Both the resettlement work and the social science roundtables raised similar questions about how to reconcile anthropology's concern with understanding the actor's point of view with the mandate, rules, and tools of a multilateral development organization designed to work at a very large scale and with senior government officials, not well-meaning NGOs, much less the grassroots social structures such as tribes, villages, or community organizations that are the anthropologist's natural habitat.

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[2] M. Cernea, *Putting People First, 2nd edition".* London: Oxford University Press 1992.

[3] See also "Nuket Kardam, "Development Approaches and the Role of Policy Advocacy: The Case of the World Bank." World Development 21(11): 1773-1786, 1993.

The Bankwide Resettlement Review was both controversial and exhausting. Retrospectively, the review achieved a lot. Not just in its immediate outcomes of launching a large, corrective action program, but also in raising global awareness and the World Bank's own awareness about development risks. However, the infighting over the review also raised a more general issue that remains a grey area and continued back and forth within the development world. That was the question of where to draw the line between financing development projects and being responsible for their outcomes. On one side stood the group that believed the Bank is just a policy-based financing organization. Its obligations stop where the borrowing governments begins. On the other is the group that says that by setting the stage, writing the documents, and providing the funds, responsibility for what happens next is, in some sense, shared. This issue remains as unresolved today as it was then. But it became more important than I expected when we began working on community programs.

By the end of 1994, I realized that it was time to get back to being a fieldworker. The resettlement review had turned up enough problems that it seemed only fair to try to help country offices fix them, not just complain about them. Michael helped me contact a number of different country offices; Indonesia was the first to respond. Having just set up the country team's first environment and social management unit, its new manager, the experienced planner and long-term resident of Indonesia, Ben Fisher, decided to take the plunge and invite a controversial character like me to join his new team.

Ethnography for Development: The Local Institutions Studies

Before leaving Washington for Jakarta, I'd spent some time working with Gloria Davis, an anthropologist who not only had become the World Bank's first Director for Social Development but had also done her Ph.d. and professional work in Indonesia. Gloria had put together a global study team guided by the Harvard political scientist Robert Putnam, whose task was to assess whether we could measure and perhaps one day use Putnam's concept of social capital, the idea that networks of trust, cooperation, and collective action were a tangible resource for development.[4] While the quantitative part of the local institutions study covered 24 countries around the world, Bolivia, Burkina Faso, and Indonesia were the sites chosen to do in-depth case studies.

Since I was new to Indonesia, Ben Fisher indulged me with a lot of time to not just commission and supervise the study, but also to join the field teams as part of learning how rural Indonesia worked. The study covered three widely separated provinces, and it coupled quantitative survey analysis with 48 detailed village studies chosen to represent contrasting physical, economic, and sociological environments. The unique feature of the study was not so much the idea that communities can act collectively, but that we could contrast the way that communities naturally carry out collective action with what happens when World Bank-financed development projects created officially sponsored user groups or associations.

The answers were not quite as simple as "community good," "government bad." I've described elsewhere the results from those studies,[5] but I can summarize them briefly here. First, they <u>did</u> show that indigenous community institutions

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[4] Robert D. Putnam, <u>Making Democracy Work</u>, Princeton, New Jersey: 1993.

[5] See Scott Guggenheim, "Crisis and Contradictions" in Woolcock, Bebbington, and Guggenheim, Eds, <u>Understanding Social Capital Debates at The World Bank.</u> Washington, DC.; also K. Chandrakirana et. al, <u>The Local Institutions Study</u>, unpublished World Bank report, 1999.

covered as diverse a range of activities as development agency-created user groups did; they were in general more participatory and more inclusive; and they operated under both formal and informal rules that gave mechanisms for addressing problems and resolving complaints. They were also multi-functional and were sustained over time, much like the "corporate" community structures that my adviser Eric Wolf had described forty years earlier.[6] But unlike Wolf's closed corporate peasant communities, Indonesian villages were well networked with the external world, particularly, in many places, through market centers and traditional small principalities that under the Dutch had been given the juridical status of "*kecamatans,"* subdistricts composed of anywhere from 6 to 40 or more villages. However, our potted ethnographies also showed that many communities lacked technical skills, that many of them were experiencing a leadership crisis, and that they were often defrauded by urban or market players.

But the most interesting aspect of all this wasn't necessarily these findings about social capital in Indonesian villages. It was what was going on in the national government and how that was about to transform the relationship that these communities had with the state.

Indonesia's growth model had been very textbook development. Good macro-economic management and lots of foreign investment were complemented by large-scale, technocratic service delivery ministries that built thousands of roads, schools, health centers, and so on. Development was still largely low skilled, and most people lived from farming, but an economy traditionally dependent on hydrocarbons and forestry exports was already diversifying into light

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[6] Eric Wolf, "Closed Corporate Peasant Communities of Mesoamerica and Central Java," Southwest Journal of Anthropology 13(1): 1-18, 1957.

manufacturing and services. Poverty rates, though still high, were nothing like they were when the Dutch left Indonesia in 1949.

The World Bank was very vested in this model. Some people grumbled about the lack of political liberty and we, who spent a lot of time in the field, were often appalled by the levels of corruption and authoritarianism that were not so visible in official reports. Ben encouraged me to attach myself to one of the World Bank's super-project officers, a brilliant but also eccentric transport economist named Frida Johansen. Frida went on to teach me pretty much everything I know about Bank operations, a hands-on operational mentorship for which I will be forever grateful and which, unfortunately, increasingly seems to be replaced by online procedural certifications. Frida and her partners in Bappenas, the planning ministry, had already designed a very innovative village infrastructure project that used low-cost technology and village-based planning to start closing the huge gap between Indonesia's district road network and the many villages that could not quite reach it.

But despite uniquely complex characters like Frida, overall, the Bank was a keen and committed supporter of the general model of sound macroeconomic management, technical service delivery, and steadily improving human capital. Most people were expecting that the next twenty years would be more or less like the previous two decades, with the economy continuing to grow, poverty rates slowly declining, and President Suharto anointing a successor from his inner circle.

Boy, were we wrong.

Indonesia's Kecamatan Development Program

When Indonesia's economic and then its political crisis first broke in 1997, we were just putting the finishing touches on a small project experiment that was going to build on the social capital studies by seeing if we could switch from development project-created community groups to just letting communities use the groups they already had. This was turning out to be harder to do than I had anticipated. It was great to argue that villagers should be allowed to plan and manage their own development projects, but you can't just hand out bags of public money to villagers and say, "go for it," or at least you couldn't legally do that back then. Issues of who gets the money, what it can be spent on, who is liable for it, how is it accounted for, and what happens when things go wrong were just the opening round of questions.

I actually never could figure out the answers to most of these questions. But I didn't have to, either. Once we had the evidence to show that community organizations could carry out small-scale projects if we could shed much of the typical project superstructure, which had too many steps and was too complicated for managing community-level programs, it turned out that the World Bank and also the Indonesian government had a whole tier of specialists who were just dying to help make an experiment like this work. We spent the next five months working through the ethnographic data on how people organize, the government's legal and financial structure for how to move money down to whatever community organizations would end up doing the work, and what kind of reporting flows government auditors and others would require to prove that the money had been well spent.[7]

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[7] The unsung heroes from Bappenas and the World Bank who made all this possible included Enurlaela Hasanah, Unggul Suprayitno, Yogana Prasta, Rich Gnagy, Steven Burgess, Tatag Wiranto, Pramono, and Victor Bottini.

The scaled-up pilot was just getting underway when, on May 21, 1998, President Suharto resigned. The economic crisis had already started, but after Suharto's fall, the extent to which the New Order officials had looted the banking system was revealed. That year, GDP shrank by 13.5%, taking much of the middle class and all of Indonesia's development apparatus with it. Desperate for ways to get money to the communities that were being directly and indirectly hit by the crisis, both the government and the World Bank turned to our little six *kecamatan* (subdistrict) pilot and asked whether we could scale it up, no matter how unprepared we thought we might be. Because I generally believe that the value of a development pilot is more from the analytical and practical work that goes into its design rather than the analysis of the results, which usually takes too long to be useful, we were not entirely caught off guard. The real purpose of the pilot had really been to find out whether the fiscal architecture of getting money into village-owned accounts could work, since this would be the make-or-break factor in deciding whether there was a larger project in there somewhere. We assembled a small task force that would work on the design, carry out some fast and dirty surveys to monitor the unfolding crisis,[8] and help the government begin recruiting field staff so that they could launch the emergency program.

The basic architecture of the KDP (*Kecamatan Development Project*) that emerged from all of this mix consisted of block grants provided directly by the central government to *kecamatan* (subdistrict) councils, which were made up of representatives from all member villages. They could use these grants to fund development plans that had been prepared through a four to six-month long participatory village planning process. Planning began in hamlets. Community plans were then consolidated and reviewed at village-wide decision meetings before being submitted to the *kecamatan* council, where the proposals from a number of

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[8] S. Sumarto, A. Wetterberg, L. Pritchett, "The Social Impact of the Crisis in Indonesia: Results from a Nationwide Kecamatan Survey," World Bank, 1999.

villages were presented for a public discussion followed by a vote on which ones to fund. KDP rules required that any village group submitting a proposal must send a delegation of at least six community representatives, including the village head, to the *kecamatan* meetings where villagers themselves would collectively decide which proposals would be funded. Each village's delegation had to include at least three women. A village could submit up to two proposals to the *kecamatan* council. This always led to proposals for more projects than could be funded with the available resources, so the villager delegates had to negotiate among themselves which proposals were the worthiest. Once the *kecamatan* forum agreed on which proposals merited funding, nobody further up the system could modify them. Funds were released from the regional branch of the national treasury directly to a bank account held in the name of all of the villagers. Villagers then ran the show.

In many senses, much of KDP's architecture was built out of spare parts: the funding system was swiped from one of President Suharto's top-down transfer programs for "left behind" communities ("IDT"); the engineering came from Frida's World Bank village roads program; and some of the planning ideas came from the UNICEF inspired participatory water and sanitation projects that were popular at the time (and which let villages plan for whatever they wanted, as long as it was water).

But other parts came from the sociological fieldwork that the local institutions team had carried out. Using the *kecamatan* as the unit of funding allocation made historical and sociological sense but it was not the way projects had worked in the past. Similarly, having villagers compete and negotiate with each other over a fixed amount of funding made officialdom antsy, but it also made final decisions transparent and accepted. Later we would document how little conflict this approach generated despite the official concerns, as well as how community negotiations really did screen out the less qualified project ideas. Whereas most of

the operational bits that we borrowed from other projects were concerned with how to adapt development rules to community-level work, what the studies were really concerned with was how to build in better processes for providing voice, agency, and representation in the ways that communities engaged with development projects.

From a development project standpoint, some of KDP's most innovative ideas involved things like dramatically simplifying contract formats, or disbursing against village plans rather than requiring paid receipts for bags of cement or contractor's reports. From an anthropological perspective, the most innovative parts were actions such as locating planning within the hamlet (*dusun*), proposal development at the village, and then decision-making in the sub-district (*kecamatan*), the historical, economic, and symbolic meeting point for all of the communities. Similarly, while traditional culture in most of Indonesia had well defined but narrow public roles for women, in pretty much no part of official Indonesia was there a decision-making role for women outside of the official "homemaker's" organization ("PKK") when it came to deciding on government projects or spending development funds. How malleable was local culture going to be on giving women a voice in how KDP funds would get spent and accounted for?[9]

More elaborately, our fieldwork had uncovered the ways in which the transactional structures of government projects provided monopoly control over information flows. Village authorities were supposed to implement government policy and also be the first port of entry for any complaints about village head

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[9] This was another interesting discussion. Indonesia has a long tradition of women managing money and engaging in the public economic space. So, one route would be to earmark a share of the fund for women's groups. The alternative was to keep village grants unified so that they would be invested in larger projects likely to have higher economic impacts. We of course chose the sociological over the short-term economic, a decision that that turned out to have many unexpected benefits in terms of empowerment, impacts, and more tough-minded people to involve in project monitoring.

performance. There were none of the free media, NGOs, or labor organizations of the west. Indonesia's administrative system lacked even the independent role that the communist party played in providing oversight to officials in places like China or Vietnam. Nearly always, the person in charge of receiving complaints was the person in one way or another committing the act that would be triggering the complaints. How likely was that to work?

Traditional project designs providing higher level government "review" and "coordination" gave far too much official discretion over community decision-making, a big factor, we thought, in the explanation of why there was so much corruption and distrust in so many of the current projects. Local-level bureaucrats could invent the most arbitrary of mandatory forms and procedures, each of which had a cost that villagers would have to pay, or else would end up channeling development funds to less than fully qualified contractors or other groups who had privileged access. And government monitoring was as much part of the problem as part of a solution. When we introduced compulsory village-level book-keeping, it was really remarkable how often we'd find an entry that would say "payment to auditors." In short, Indonesia's approach to local development had the appearance of a development planning and control system that in many ways was its opposite.

As the team unpicked the ethnographic data, we worked hard to turn it into design steps that would start to break the monopolies and eliminate most of the discretion, using the detailed ethnography to find, challenge, and plug the main weak points in the emerging design.[10] The fieldwork gave us a pretty good sense of which parts of the system were most broken and what principles to use for their

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[10] That this investment in local ethnography and analyzing the factors driving weak accountability paid off can be seen in Jean Ensminger's *Corruption in community-driven development: A Kenyan case study with insights from Indonesia*, U4 (9), July 2017.

repair. Introducing social facilitators who were hired and trained by the government from NGOs and the private sector and then deployed to the *kecamatans* introduced a systematic source of upwards and downwards information that did not rely solely on the village head. Simplifying all formats, requiring public postings of information, and, as with the traditional ways of organizing, assigning responsibilities to functional groups of villagers but still under the village government umbrella rather than creating entirely new user groups for each new project, were all parts of making development visible to the villagers so that they could play a more active role in the process. And making the *kecamatan* decision meeting minutes a *de facto* payment order ended the problem of higher-level discretionary power overturning or manipulating community decisions.

KDP Then and Now

From its operational launch in 48 villages in 1997, KDP went through a continual scale-up, reaching some 2,000 villages by 2002; and then 6,000 by 2006, when it was renamed Indonesia's National Program for Community Empowerment. From there it scaled up very rapidly, reaching 60,000 villages by 2011, and all of Indonesia's 75,000 villages by 2014, at which time the government passed a new national village law that embedded guaranteed transfers to all 75,000 villages in the national budget. By 2019, the program was disbursing some US $8.8 billion per year, nearly 6% of Indonesia's GDP, a sum far beyond anything a development agency like the World Bank could ever have supported by itself.

But KDP's influence was not just through the twenty-year scale-up. Once the dam had been broken, the government realized that shifting from a project-delivery mode to community partnerships gave them a new template for a wide range of activities. The government's globally noteworthy program for its recovery from the devastating 2004 Aceh/Nias tsunami was built on this same community development platform. One huge benefit of going this community route was that

displaced people began to move out of the camps and were back working on their community's reconstruction as well as their own new houses within weeks of the disaster. Using KDP's community dialogue mechanisms to redraw land boundaries – not only had the tsunami devastated the landscape but the earth itself had moved several meters – produced negotiated community maps, letting Aceh entirely forego what several land and reconstruction specialists had predicted would be a two-year process of land surveying and registration prior to starting village reconstruction. The government has now made this model of community-based recovery a mainstay of its disaster-handling program. Colleagues from education and health also began looking at ways to use the community partnership model to increase coverage and move past some of the highly centralized models of the New Order era. And other countries, such as the Philippines, Myanmar, Afghanistan, Timor L'este, and even Liberia claim to have borrowed and adapted elements of the program – including the admonitions that they needed to do their own social analysis, experimentation, and adaptation, not just replicate Indonesia.

Not all has been rosy, however. Social analysis could help map out the institutional landscape and some basic negotiating procedures that could make the state and its development projects accessible to villagers, but communities have their own patterns of inequality, conflict, and social exclusion. KDP always faced a tension between its principles of local decision-making and the fact that elite capture and rules that exclude women were always going to require some forms of outside intervention. Rather than pretend we had it all worked out in our appraisal report, we instead opted to build in a mixed method monitoring and evaluation system that included a lot of site visits by us, not just formal surveys and studies. Being field based meant that for some of these harder social issues we could brainstorm with counterparts and Indonesian analysts how best to start tackling them using the architecture of the project for experimentation.

As KDP got larger, the schizophrenia that was already present in its early architecture returned to the forefront of problems. Was the goal of the program to increase the state's ability to deliver development services to villages, or was it to help villagers organize and engage with Indonesia's newly democratic state and its representative institutions? While the overarching law that embedded KDP into the budget kept the core principles intact, much of KDP's scale-up and appropriation by mainstream government ministries concentrated on restoring official's roles in the planning process, largely at the expense of KDP's bottom-up, more participatory and transparent approach. However, the battle continues to rage. KDP did not operate in isolation from the rest of Indonesia, and as Indonesian democracy continues to consolidate and popular expectations for responsive government continue to rise, there is pushback against the re-assertion of New Order-style bureaucratic control.

Explaining KDP: The Operational Perspective from Inside the World Bank

Looking back at how we developed KDP, I think there are some useful lessons for future operational officers trying to introduce a new way to structure projects inside the World Bank or any other large development agency. I've already discussed some of the contextual and ethnographic factors that explain why community development made sense in the late 1990s in a way that would not have been the case a decade previously. This section looks inward, towards the World Bank-specific features that explain why the project could succeed.

The first and foremost reason was the consistent support that the operational team got from the World Bank's country directors. It is not just that they were "nice guys," though Indonesia did benefit, as a large borrower and geopolitically significant country, from getting some of the Bank's best and brightest. Even before KDP started, country directors already had a sense of unease that the New Order development model had some pretty serious flaws. Macro-economic management was strong, but not only did projects suffer from mediocre

performance, it was increasingly impossible to pretend that corruption, patronage, and poor oversight were not affecting the quality of the World Bank's and or the government's own development work. Site visits by directors only strengthened this perception, and it was to the director's credit that they increasingly insisted on complementing their official visits to government offices with more spontaneous and unstructured visits to field sites where they could see for themselves the gaps between official reporting and results on the ground. KDP was refreshing for them: senior World Bank officials could see for themselves that it built well-engineered infrastructure even in very poor areas, that it was quite popular with local governments as well as communities, and that some of its innovations, like publicly posting detailed price information, really did work to improve quality. Regardless of the background reasons, for more than 10 years World Bank country directors were the key support anchors for the program.

This support was more than symbolic. As a new approach, KDP initially raised a lot of hackles. Most World Bank projects work on a disbursement schedule that is even and predictable. As a village planning project, KDP consists of a long period when no disbursements happen while villagers negotiate their preferences, and then a short implementation period towards the end of the financial year when all of the money whooshes out to those thousands of villages. It took fortitude for a country director to not classify KDP's lack of disbursements as signaling a problem. Meanwhile, we had a pretty free license from the country management team to build a very field-focused oversight group. In practice, this meant site visits, with our counterparts, at least once a month and usually more frequently than that. As noted in our earlier discussion of where liability for safeguards sits, it took a commitment to trying something new for a country director to allow such hands-on engagement for an investment project, but the payoff was very large for keeping on top of field developments in as turbulent an environment as Indonesia was then. Similarly, while in most cases I always found that the Bank's rules were pretty accommodating of almost any need I could come up with, there were a few cases where we needed a

director's backing to get consensus on their interpretation, such as when we had to get Executive Board permission to release supervision reports to the general public, or the approach we took to community procurement.[11]

Strong country directors were the ones who built strong country teams. Later on, we experienced what happened when the World Bank's organizational reforms made sectors more competitive than cooperative with each other. But Dennis de Tray, Mark Baird, and Andrew Steer did a brilliant job corralling the cats and defusing the tensions that come when high energy people meet high pressure work environments. As a result, not only did it feel like we operated with the benefit of a problem-solving machine at our backs, but several other sectors also began to use community-based decision-making to solve some of their more technical sectoral problems. This prior investment in a country team-wide approach really paid off when the tragic Aceh/Nias tsunami killed more than 200,000 people. In less than a month, the Bank's governance, urban, social, environment, economic, and agriculture teams were on site for the reconstruction, producing a community-based early reconstruction strategy and using the community field engineering infrastructure for interdisciplinary monitoring of both needs and progress on reconstruction.[12]

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[11] For people fascinated by fiduciary technicalities, the issue at the time was that in normal Bank projects the government procures and then the Bank reimburses after confirming that all procurement rules were followed, and receipts sent in for review. In KDP, it obviously made no sense to carry out prior review or collecting receipts from thousands of villages. Instead, the Bank disbursed against the village's plan, not its actuals, and then used *ex post* audits to confirm that procurement and safeguard rules had been followed. Later, one member of our team spent nearly a year working with OPCS (operational policy), turning our site-specific innovation into a Bankwide general guideline for future community-driven development projects.

[12] Badan Rehabilitasi dan Rekonstruksi NAD-NIAS, "Aceh and Nias One Year After the Tsunami: The Recovery Effort and Way Forward" a joint report of the BRR and its International Partners, 2005.

A second operational feature of KDP where the Bank's tolerance for deviant approaches mattered was in the distribution of resources between preparation and project supervision. Most Bank projects make large investments in technical design. Once the technical drawings, procurement plans, and audit documents are ready, the Bank normally invests relatively little in project supervision. KDP's cost structure was reversed. Preparing the project was relatively cheap since it's the project itself that does the actual designs, but in KDP's case the Bank team was inevitably going to play a key role in helping provincial and district governments understand how the new project operated. Once again, country directors provided the necessary support for frequent field visits, and in fact they often joined the supervision missions.

A third, key, operational finding that I've really only understood in full recently came from the Government of Indonesia. My Bappenas (planning ministry) and Finance Ministry counterparts obsessed for months preparing a letter that broke down the 5% we would allow for government overhead into super-detailed 0.5% and 0.25% allocations for all participating ministries and levels of government. "What nitpickers," I thought to myself. But they were right. By tying ministry functions to the line items of the budget, the government was defining their organizational roles and responsibilities. I've since learned the hard way that this specificity was one of the best features of the entire design process.

Fourth, like all project officers working in institutionally challenged countries, I felt that there was always a trade-off to make between the Bank's ideology of having borrowers execute everything, and the fact that, for one reason or another a lot of borrower systems were simply not up to the job. A stark example of this came when the Minister of Home Affairs instructed his staff to do something for the large number of widows in the country. We, the government team, and Indonesia's National Commission on Violence Against Women came up with a good,

NGO-executed model and secured a very flexible grant from Japan to support it, but after a year the ministry asked the Bank to take over its execution. Grants to widows just left them too vulnerable to public sector audit critiques. Similarly, despite the urgency of responding to the Aceh/Nias tsunami crisis, the government could not complete its paperwork to enable it to respond for nearly nine months, but, with the government's (and country director's) blessing, part of our World Bank team moved on-site to provide hands-on support to the reconstruction. Rather than follow the letter of the law, we followed its spirit: there were no studies done over the course of KDP's long life that did not have full and continuous backing from our counterparts.

Our fifth set of lessons were all negative ones, or rather, unsolved problems. Could the gap between top-down and bottom-up planning be bridged? KDP's community-based approach was built to some extent around a recognition that there was a gap between formal government development planning and the social capital inherent in communities. Was a community partnership a permanent model for development or was it just an interim measure that would fade away as government institutions developed. As Tara Moayed has recently demonstrated, on one side of this question, all developed countries have built large-scale community programs into their own development architecture.[13] But on the other side, one of the biggest challenges that community programs have faced over the years is finding ways to partner with technical agencies. In more than a few cases, the Bank's own sectorialized structure has aggravated rather than resolved this tension. But this is not true everywhere, so a big challenge for the future is to sift through how to make this relationship work.

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[13] Tara Moayed, *"Community-driven Development in High-Income Countries: Case studies from the United States, Europe, and Australia."* Forthcoming. World Bank, 2021.

Finally, like one of those Proustian characters who speaks prose without knowing it, it turns out that we were practicing "Problem Driven Iterative Adaptation – "PDIA" – before the concept had been formally christened by Harvard and multiple development think tanks.[14] PDIA, in a nutshell, means moving from blueprint designs to rolling modifications built around very strong monitoring and evaluation. In our case, the practical translation of that framework meant that even though KDP was from the outset meant to be a long-term program, every three years we stopped the program to take a step back, synthesize the diverse monitoring information, and re-appraise the design. At least in Indonesia, government systems are nowhere near as flexible as the theoreticians would like them to be, but re-appraisal was a useful mechanism to reflect the fact that as KDP grew, we were learning a lot about what needed to be fixed and could adjust the design architecture accordingly.

Because Indonesia was an IDA country for much of this time, we benefitted a lot from having fairly easy access to trust funds, which we could use to help the government build a range of innovative ways to monitor the program. These included Indonesia's first use of randomized control trials (RCTs) on, of all things, corruption and how to reduce it;[15] quantitative economic impact surveys; engineering quality assessments; and follow-ups to the local-level institutions studies. We also took advantage of the Bank's evolving approach to information disclosure, which meant that whenever we put raw data online, we could count on a range of independent academic and NGO reports to supplement our internally generated knowledge of how things were going and where the most painful bottlenecks were.

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[14] M. Andrews, L. Pritchett, M. Woolcock, "Building State Capability: Evidence, Analysis, Action" Oxford, UK: Oxford University Press, 2017.

[15] Ben Olken, *Monitoring Corruption*: *Evidence from a Field Experiment in Indonesia*, Washington, DC: NBER working paper 11757, 2005.

As mentioned earlier in this paper, in 2014 the Indonesian government took the decision to embed KDP in its own national budget, passing a National Law on Village Development.[16] KDP today, in this latest incarnation, is the largest community development project in the world, covering over 75,000 villages and disbursing over $8.8 billion per year. Its scope crosses three time zones, from Aceh in the far northwest of Indonesia to Papua in the far east, adapting and adjusting to local social structures in a country known globally for its cultural, linguistic, and economic diversity.

KDP and Mainstreaming CDD: Reflections on the Aftermath

KDP was not the only community-driven development project to emerge in the mid 1990s, but it was probably the most influential. If the test of an applied development anthropology is whether it can produce projects that go beyond a single village, KDP passed the test. The model has flourished. No sooner had I written an article explaining that KDP was a uniquely Indonesian program made possible only by the historical confluence of the East Asia crisis,[17] the sudden fall of the authoritarian New Order government, and President Wolfensohn's reforms to the World Bank, than we began getting requests to transfer the model to East Timor, Afghanistan, and the Philippines, where national leaders were also looking for new ways to connect to their increasingly restive villages. As noted previously, by 2018, the World Bank alone was financing over 170 large-scale community development

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[16] Government of Indonesia, (Law 6/2014),

[17] S. Guggenheim, "Crisis and Contradictions" in A Bebbington, M. Woolcock, S. Guggenheim and E. Olsen, *The Search for Empowerment: Social Capital as Idea and Practice at the World Bank,* Bloomfield, Connecticut; Kumarian Press, 2006.

projects in 79 developing countries, and by 2020 community-based responses became a formal part of the Bank's COVID-19 response strategy.[18]

How much is community-driven development something truly different in development versus just a sensible application of standard models? The truth probably lies somewhere between those two poles. Raghuran Rajan, the former chief economist of the IMF and head of the Reserve Bank of India, recently wrote that development has largely neglected the role that communities and community social life plays in development. He calls for adding a third pillar, the community, to the traditional dialogue between state and market.[19]

On the other hand, Tania Li, in her often insightful and widely cited book, "The Will to Improve,"[20] has critiqued KDP as a project that uses technocratic language to turn questions of political economy, local autonomy, and community culture into projects that reflect a development bureaucrat's vision of a better life. While I think Dr. Li misunderstands where the line between prescription and choice sits within KDP, she is right that project documents are written in the language of the World Bank, not in the language of the community. But this translation into the language of the institution was key to making KDP both sustainable and scalable. If KDP were to ever give villagers a fighting chance to build the roads or water sources that they actually wanted rather than what a government or a donor agency wanted them to do, then the puzzle of how to enable agency for villagers needed to be solved when somebody else held the money. That meant becoming fluent in two

[18] S. Wong and S. Guggenheim, *Community-Driven Development: Myths and Realities*, Policy Research Paper 8435, Washington, DC; The World Bank, 2018.

[19] Raghuran Rajan, *The Third Pillar*, New York: Penguin Books, 2019.

[20] T. Li, *The Will to Improve: Governmentality, Development, and the Practice of Politics*, Durham, North Carolina; Duke University Press, 2007, *Governing Indonesia: convergence on the project system*, Critical Policy Studies 10, 2015.

languages, not one. I didn't always like what all of that translation was doing to my ability to write in normal English, but learning the vocabulary that takes analysis and turns it into policy and programming action was as intense and painful an immersion as anything I had ever experienced in a university.

Community development's influence should not be measured solely on the number of replicants it has managed to accumulate. As we'll discuss in the conclusions, the interest in community and participatory approaches to development reflects a longstanding sense of unease in the development community that something is not working with too exclusive a focus on growth alone. But in a more practical sense, CDD's more immediate influence has been in convincing sectors to try their own variant, regardless of name. CDD solves a very particular big problem for many development agencies: in a large number of countries, formal institutional structures are just not able to work effectively at a very local level. As a result, even in the 21st century, large numbers of poor people are left without access to year-round roads, clean water supplies, or a way to monitor that teachers and nurses show up for work. Enlisting communities in the development project has proven to be a practical way to bring these problems to an end.

Much of social development's message for development reflects a belief that it's not just incentives, but also institutions, both formal and informal, that matter. Sociology, political science and anthropology offer a powerful set of empirical tools for uncovering how communities and local institutions mediate and organize social action. Programs that work with and through local organizations will be more effective and more long-lasting than programs that just sweep them aside. KDP and the Indonesia community program became a laboratory for putting this idea to the test in a broad range of different areas: anti-corruption, social protection targeting, conflict and disaster recovery, access to justice, natural resource management, and

poor people's education, to name just a few examples.[21] As with economics more generally, what CDD became for us was a lens rather than a project.

Our experience in designing KDP was a microcosm of the evolution of social development in the Bank at large. While much of the social development specialists in the Bank's work throughout the 1970s and 1980s was about how to get international development to open its doors to social science, by the time of KDP the most important questions were what should social scientists be doing once they've been invited to walk through the doors – and not just to design a better project, but to continue to use ethnography and analysis to adapt and improve. Because KDP was built around the tension that existed between international and state development institutions on the one hand and community-owned planning on the other, the social team had to move beyond design and come up with a long-term program for sociological monitoring, evaluation, research, and adaptation as both government and community became more adept at using the program's rules to their own interests. I laugh when I recall how one subdistrict head in Indonesia's Aceh province got so frustrated by village women demanding that he account for KDP's reconstruction funds that he issued an official decree banning the public discussion of government budgets, a decree that he was quickly forced to revoke. But the point of the story is not that officials would try to undo KDP's transparency. That was entirely predictable. It was that there was something about KDP's transparency that was changing villagers' willingness to challenge traditional ways that local officials were exerting power. This change became the foundation for today's cutting edge in how Indonesian agencies respond to community claims for

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[21] Ben Olken, "*Monitoring Corruption: Evidence from a Field Experiment in Indonesia*" Journal of Political Economy 11(5): 200-249; V. Alatas, A. Banerjee, R. Hanna, B. Olken, and J. Tobias, "*Targeting the Poor: Evidence from a Field Experiment in Indonesia",* M. Woolcock, P. Barron, and R. Diprose, *Contesting Development: Participatory Projects and Local Conflict Dynamics in Indonesia. New Haven, Yale University Press* 2011; and M. Pradhan, D. Suryadarma, A. Beatty, M. Wong, A. Gaduh, A. Aliisjabana, and R. Artha, "*Improving Educational Quality Through Enhancing Community Participation: Results from a Randomized Field Experiment in Indonesia."* American Economic Journal 6(2): 105-126, 2014.

government responsiveness.[22] Had we stuck to monitoring disbursement and checking the government's compliance with key performance indicators from our home base in Jakarta, we never could have used the Aceh example to set up village-based women's monitoring groups across the entire program.

Conclusions

For all of the arguments about making development more efficient, ultimately the arguments for programs like KDP and other community development programs that try to empower poor communities are moral ones. Why was it important that women attend village planning meetings? Will that do the villages, or even the women, any good? Why should local governments seemingly bypass their own bureaucracies to provide funds to village community groups? What should the role of the bureaucracy be, if not to manage funds for the public good? Why do community groups need to be provided with facilitators to conduct tasks that could be performed by experienced, professional bureaucrats? Why do community groups build better, cheaper village infrastructure than government agencies do?

In his seminal book, <u>Development as Freedom,</u>[23] the economic philosopher Amartya Sen defined development as a quest for *the freedom of individuals to live lives that are valued.* Development, therefore, must include the freedom to choose among opportunities for realizing one's human potential. Sen argued that not only is the *goal* of development the achievement of this freedom, it is also the *means* by which it is achieved. Sen outlines five specific types of freedoms: political freedoms, economic facilities, social opportunities, transparency guarantees, and protective security. Political freedoms refer to the ability of the people to have a voice in government and to be able to scrutinize the authorities. Economic facilities concern

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[22] See, for example, Gabrielle Kruks-Wisner, " The Pursuit of Social Welfare Citizen Claim-Making in Rural India" *World Politics*, 70, no. 1 (January 2018), 122–63.

[23] Amartya Sen, <u>Development as Freedom</u>, New York, Random House, 1999.

both the resources within the market and the market mechanism itself. Income and wealth in the country should serve to increase the economic facilities for the people. Social opportunities deal with benefits like healthcare or education for the populace, allowing individuals to live better lives. Transparency guarantees allow individuals to interact with some degree of trust and knowledge of the interaction. Protective security is the system of social safety nets that prevent a group affected by poverty from being crushed and constrained by terrible misery.[24]

Before Sen's work, these had been viewed as only the ends of development; luxuries afforded to countries that needed to focus on increasing income. Sen argues, however, that the increase in real freedoms should be both the ends and the means of development. While Sen strenuously defends the proposition that the development of these institutions will increase economic prosperity rather than being a burden upon it, he also insists that these represent significant goals *in and of themselves*, and not merely as a *means to an end*. In this context, political freedoms in particular have not just an instrumental and constructive role, but a constitutive role as well. Sen argues that "our conceptualization of economic needs depends crucially on open public debates and discussions, the guaranteeing of which requires insistence on basic political liberty and civil rights." Without such rights, the validity of a dominant political and economic agenda is not susceptible to alternative interpretation by those whose interests are at variance with those who control that agenda.

The large number of people who worked on KDP understood from the beginning that changing the way that Indonesia approached development was a

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[24] https://en.wikipedia.org/wiki/Amartya_Sen

small part of a much bigger social change. Indonesia's democratic transition is still being written, and even now we don't know for sure whether it will succeed or whether the authoritarian elitism of the past will return. Social analysis has provided a way for development to engage people not just as individual beneficiaries, but as social and political beings whose institutions, priorities, values, and voice mattered. In today's world, when trust in government, in institutions, and in democracy itself are at record lows amidst the record high standards of wealth and consumption that unfettered markets had always promised, these lessons are not just historical relics to be studied in graduate classrooms, but guides for the development ideas of the future.

World Bank Timeline of Social Development Events

1967

Albert Hirschman publishes "Development Projects Observed"
Every tribe needs an ancestor and Hirschman is our founder. "Development Projects Observed" was a field-based look at how much culture, context, and local social structure affected the success or failure of WB projects.

1973

"Report with Recommendations on the Use of Anthropology in Project Operations of the World Bank Group" (Glynn Cochrane and Raymond Noronha)
Commissioned by **Warren Baum**, the report recommended that the WB hire 11 anthropologists to help operations people. Report adopted by President McNamara.

1974

Michael Cernea hired as first professional full-time sociologist
This is significant not just because Cernea was the first fully professional social scientist, but also because the choice of a non-US/non-UK sociologist affected future developments.

1977

Maritta Koch-Weser (pictured) and Jacomina de Regt
First generation of anthropologist consultants, later joined as full-time staff

1978

Gloria Davis hired to work on Indonesia
First professional anthropologist hired as full-time operations officer. Both Davis and Koch-Weser became project officers for large and highly controversial land settlement operations in Indonesia and Brazil, respectively, a history that ended up having a huge influence on social development's trajectory.

1982

OMS (Operational Manual Statement) 2.33: Involuntary Resettlement and Development
First global social policy statement. Later updated as Operational Directive 4.30

1982
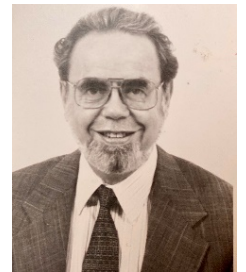
OMS 2.32: Indigenous People
Policy on indigenous people, later broadened and reissued as Operational Directive 4.20
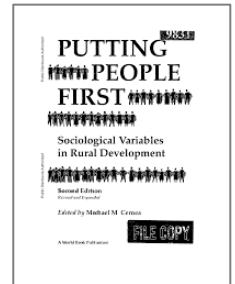
1984

OMS 2.20: section on "Sociological Aspects of Project Appraisal"
First umbrella policy on social analysis, embedding it in a major operational policy

1986

Putting People First (Michael Cernea, ed) published
Compilation of quantitative and qualitative evidence on the value that including social variables adds to project outcomes

1986

First informal review of involuntary resettlement in Bank projects (Michael Cernea and William Partridge, pictured)
Internal review of 25 large infrastructure projects that documented systematic shortcomings in resettlement policy compliance

1987

Formation of 4 Regional Technical units, which included social managers and specialists.
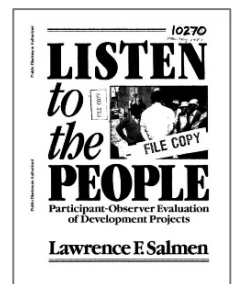Growing institutionalization and operational linkages

1987

Formation of NGO Unit under David Beckman
Opened a long-term dialogue with NGO networks

1987

Listen to the People (Lawrence Salmen) published
Systematic look at opportunities to engage diverse communities in development through participatory approaches

1989

Social Development Department created, Gloria Davis, Director
First time Social Development was given a high-level Institutional Foundation

1990

Participation Learning Group formed
Coordinators were Aubrey Williams and Bhuvan Bhatnagar, later under David Beckman. Began building a Bankwide network of people interested in participation. Report in 1994

1992

United Nations Conference on Environment and Development ("Earth Summit")
First major global gathering where social issues, including indigenous people's rights, participation, and social impacts, were core agenda items. (WB report contribution under Andrew Steer, Maritta Koch-Weser author of social development)

1992

Independent Review of Narmada Sardar Sarovar
Global controversy over issues of accountability and compliance with social and environmental policies

1992

Working Group on Social Capital (Gloria Davis and Robert Putnam)
Theoretical and practical exercise to apply concepts of social capital in development involving Bolivia, Burkina Faso, and Indonesia

1994

Publication of Indigenous People and Poverty in Latin America
This publication for the first time gave a central role to ethnicity in explaining poverty.

1994

Guidelines on Social Assessment
Controversial (though adopted by the Global Environment Facility) and never formally adopted

1994

Bankwide Review of Involuntary Resettlement published
Systematic review of safeguards application. Documented benefits of including social variables in high-risk operations

1994

$4.2 million Fund for Innovative Human and Social Services (FIAHS)
Following visit by European donors, Bank funds used to hire social scientists

1995

World Summit on Social Development (Copenhagen)
Accelerated institutionalization of social analysis in the WB

1996

Environment and Socially Sustainable vice presidency created, Ismail Serageldin as VP
Provided high level anchor and leadership across Bank "networks." An additional $12 million supported social staff and analytical work

1996

Participation Sourcebook published
State of the art compilation of guidance
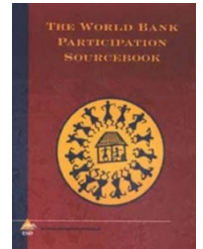
1996

Defining, Monitoring and Measuring Social Capital Initiative
Use of social capital metrics to show that levels of trust and social solidarity are correlated with more effective poverty reduction. (Christiaan Grootaert et al)

1997

Learning and Innovation Loans and Adaptive Program loans introduced, with strong social input
Early recognition that lending instruments needed to be modernized to reflect a learning-based, adaptive approach
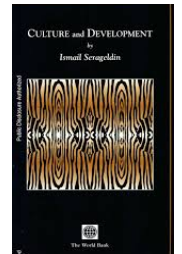
1997

Social Development and Results on the Ground
Presidential task force (Javed Burki chair) that recommended mainstreaming social development. Over 100 staff participated.

1998

"Culture and Development" (Ismail Serageldin)
First high-level endorsement of the role that culture plays in development. Followed by official policy and large investment program

2000

World Development Report on Poverty (led by Ravi Kanbur)
Report and Background Paper by Deepa Narayan called "Voices of the Poor: Can Anyone Hear Us?" identified key issues of gender, violence and other factors that perpetuated poverty. Introduced the "empowerment" vocabulary to WB operations.

2004

World Development Report "Making Services Work"
Influential model explaining how and why more participation could produce service provider accountability

2011

Beginning of DEC/Social Collaborations
Woolcock, Barron, and Diprose's research on conflict ("Contesting Development") wins American Sociological Association's best book award. JPAL (MIT) and Social cooperate on CDD, Governance, and Poverty analysis.

2011

Conflict, Security and Development (WDR)
Influential WDR led by Sarah Cliffe and Nigel Roberts that built much of its argument around social analysis on what restores stability and trust after conflict.
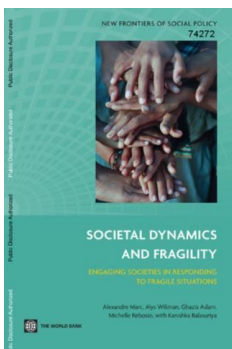
2013

Societal Dynamics and Fragility
(Alexandre Marc et. al)
Detailed review of operational uses of social development in fragile and post conflict settings

2014

Social Development submerged in another reorganization, as "Social, Urban, Rural GP"
Social development nearly disappears beneath the high-lending sectors. Re-appears in 2018 reorganization

2018

Environment and Social Management Framework (ESF) issued
Comprehensive policy framework that incorporates all social safeguards under a unifying umbrella policy.

2020

Social Sustainability & Inclusion
New name emphasizes removing barriers to development for excluded groups.