

## Abstract

Indonesian poverty reduction programmes have been in place since the 1990s. The first was *Inpres Desa Tertinggal* (IDT), a presidential instruction for underdeveloped villages initiated from 1995 to 1997. This was followed by the World Bank's *Kecamatan Development Program* (KDP), which operated from 1997 to 2006. The World Bank claimed the KDP a success, leading the government of Indonesia to duplicate it in 2007 under a flagship initiative named the *Program Nasional Pemberdayaan Masyarakat* (PNPM); in English, the National Program for Community Empowerment. This programme was implemented under the Yudhoyono administration (2007-2014). When President Joko Widodo (Jokowi) took power in 2014, PNPM was sustained under Village Law 6 enacted that year. Indonesian observers characterized this law as "PNPM Plus", with the "Plus" referring to the law's addition of community-driven development to the elements previously used in PNPM.

As the current research emphasizes, all of these programmes (IDT, KDP, PNPM and now the Village Law) are expressions of neoliberalism, with institutional reform and political technology (participation and consultation) forming their very backbone. The problem started when these programmes confronted the Indonesian social and political context. First, they faced the exercise of power and advancement of interests by a range of actors, from national to local level. Second, they clashed with existing social and political structures, particularly at the village level. Recognizing the situation, PNPM needed an anticipation strategy. Ultimately, the strategy chosen to anticipate these issues was to

bypass national administrative and bureaucratic structures. Indeed, the Indonesian bureaucracy was known to be heavily influenced by vested interests, elite capture, rampant corruption and the practice of informal politics (in particular in the context of decentralization). The design of PNPM used this bypassing strategy until 2010. From 2010 onwards, the programme was integrated into the national development planning system. That integration was achieved with the enactment of presidential instruction (*Instruksi Presiden* or *Inpres*) 5/2010. A key way in which PNPM was brought into the national development planning system was with the merging of PNPM's inter-village project vetting and fund allocation meeting with the meeting held to gather ideas for the national development plan. Nonetheless, PNPM's integration into the national development system raised serious concerns about the programme's vulnerability to being hijacked by the different interests embedded in the context of Indonesian decentralization. In addition, PNPM was considered susceptible to intervention by elites in its implementation at the village level. This study therefore analyses how existing power structures and various interests in Indonesia influenced PNPM processes and outputs.

This study analyses two cases, reflecting the dynamics of PNPM in terms of programme implementation and its degree of capture by local interests. Both cases were in Malang district. The first case concerns PNPM implementation in Gadingkulon, in the sub-district of Dau; while the second case looks at PNPM in the village of Ngadirejo, in the sub-district of Kromengan.

In both Gadingkulon and Ngadirejo, PNPM processes and outputs were largely determined by four factors: local context, power dynamics, the work of facilitators and, most importantly, decentralization. In Ngadirejo, elite conflict had particular influence on PNPM processes. The influence of elites was magnified there by a weak facilitator's role. In contrast, PNPM processes were relatively smooth in Gadingkulon, due to an absence of conflict, the presence of a skilful and experienced facilitator and good coordination by the PNPM management unit. However, both cases share commonalities. First, both had low rates of community participation in decision-making. Second, in both cases, PNPM empowered a few individuals instead of the community as a whole. Last and most importantly, in both cases bureaucratic complexity and deliberate elite capture were identified.

This research contributes to debates and discussions about development, with the final conclusion being that development inexorably involves power struggle. This research also provides useful lessons for the further implementation of the Village Law in Indonesia, as this newer legislation seems to have experienced similar problems as PNPM.

