



**1. Title:** Managing Community Development, Area Development and Natural Resources in Indonesia

**Duration:** Five Years

**Budget:** US\$1,144,627

**Source of Fund:** Government of Indonesia and CIRDAP

### **1. Background and rationale**

As of July 2006, Indonesia had an estimated population of 245 million of which more than 50 percent live in the rural areas . The economy had an impressive growth of over 5 percent during 1990s and posted a rate of 5.6 percent in 2005. However an uneasy feature accompanying the relatively strong economic growth is a persisting high unemployment rate increasing by 2 percentage points every year between 2001 and 2005, reaching a pick of 10.1 percent. Because of economic buoyancy proportion of population below poverty line also declined from 24% in the 1998 to 17.75 percent or 39.05 million people in the recent years. This poverty incidence could rise to an estimated 22 percent ( World Bank ) encompassing 50 million people if the Government would not provide direct cash transfer to over 19 million poor and low income households ( or 76 million people ) . It is noted by observers that there are as many as 110 million people who are living on the brink of the national poverty line and could fall below the poverty line in the event of adverse economic changes. Poverty alleviation through employment creation and income generation for the poor through empowering community, area based development activities and better managed natural resources is thus a priority policy choice of the Government. Poverty alleviation through rural development has indeed been a top priority of the government as stipulated in the presidential regulation Number 7 of 2005 in the national Mid- term development plan for 2004 -2009.

In its economic and social update of March 2006, the World bank states that in the recently drafted 2007 version of the 2007 work plan (termed RKP) the government has identified nine priority areas of national development policies where poverty alleviation regional disparity in development, and rural development appear prominently. Over the last three decades, the major initiatives taken by the Government of Indonesia to alleviate rural poverty were guided

by two main approaches : (i) increase of income by raising productivity and ( ii) reduction of expenditure of the basic needs such as food, education, health, and infrastructural assistance for agriculture and urban slump. There are some direct and indirect approaches carried out to achieve the objective. For instance, in the period 1993-1997, the Indonesia government introduced the Presidential Instruction on Disadvantaged Villages (IDT), the Family Welfare Development Program (*Takesra/Kukesra*) and the Income Generating Project for Marginal Farmers (P4K). Furthermore, the central government conducted the twin Urban Poverty Reduction Program (P2KP) and *Kecamatan* Development Program (KDP) in the period 1998-2007.

The two major approaches are envisaged to be accomplished by:

- a) creating jobs and business opportunities for the poor
- b) empowerment through joint efforts by the Government , private Sector and other stakeholders to give economic , social and political rights to the poor,
- c) capacity building of the poor to enable them to work , produce and achieve high levels of productivity and meet their own needs and
- d) Social protection to be provided to the poor jointly by the Government and other stakeholders.

While rural development and poverty alleviation rightly received government priority attention, effective implementation and management remains a challenging task in Indonesia due to among others, the dispersed geographical location of various regions, diverse ethnic and cultural characteristics of the people and uneven levels of development of various islands.

As a highly pro- active partner of CIRDAP, Indonesia consistently tries to pursue various rural development Programmes and activities in order to accelerate rural development and fight poverty so that the national goal of achieving “ just and prosperous community” is achieved. It may therefore be a logical step to involve CRDAP along with SOCSEA in the over all national strategy of achieving rural development through using CIRDAP,s professional expertise and experiences as a service providing organization concerned with RD and PA in the Asia Pacific region.

## **II. Project Components**

### **A. Preparation of a Community Development Strategy**

With increasing attention to grassroots level interventions for poverty reduction and recognition of the importance of ensuring sustainability of such interventions, rural development priorities in the countries of the Asia Pacific region emphasize on improved management of social and physical infrastructures through local level organizations. It is now well recognized that, along with limited availability of resources to ensure the delivery of basic services to the rural poor, a major problem relating to rural social and physical infrastructure development is the failure of a centrally controlled institutional mechanism to act as a channel for effective service delivery for the rural poor. This has led to attempts to develop mechanisms for ensuring greater beneficiary participation in rural infrastructure projects. In this respect, one of the key factors is the organizational strength and absorptive capacity of the poor. Past experiences suggest that, for the rural poor, sustainable outcomes are usually obtained through local level organizations and beneficiary groups. Similarly, it is recognized that these organizations/ groups themselves remain vulnerable and lack absorptive capacity until such time as they develop both horizontal and vertical linkages, that is, they emerge as viable institutions of the rural poor.

The creation of self-reliant institutions of the rural poor requires specific management considerations. In many countries, local level organizations such as Panchayats, and Village/District Councils are involved in planning and management of infrastructure development projects. One of the reasons for involving the local bodies is to enhance people's participation. If the beneficiaries participate in setting project objectives, locating project sites and are involved in project implementation and benefit monitoring and evaluation, not only the objectives can be achieved but also the sustainability of the interventions can be ensured. However, management considerations and operational guidelines for the functioning of local-level organizations in an effective manner are yet to be fully understood and effectively adopted. These involve a number of issues e.g. appropriate level and mechanism for devolution of power and resources for effective functioning of local organizations, accommodation of flexibility in planning and implementation of infrastructure projects, mechanisms to create and sustain beneficiary organizations for effective maintenance and delivery of services to the targeted poor, and similar other concerns.

In the above context, this component will examine management considerations that the local-level organizations should emphasize and suggest strategies and policies to achieve them for promoting effective community development in the rural areas focusing on the following issues.

- Composition of local self-government
- Functioning local self-government

- Planning and coordination
- Financial management
- Strengthening local administration
- Infrastructure development
- Community level work through social mobilization
- Development of rural technology and technical manpower
- M & E
- Communication and dissemination

## **B. Area Development**

For years, development institutions focused on narrowly defined goals – without much coordination with organisations outside their discipline. Many thought that rising incomes would lead to development. Many scholars opined however, income disparity is only one aspect of poverty. Other forms can be just as damaging: a lack of access to quality education, the inability to mitigate the effects of disasters, or an absence of effective civil society organisations. As a result, despite gains in income, the overall quality of life remains largely unchanged. In order to integrate various inputs and disciplines in a given society, area specific development schemes is an ideal proposition already Government of Indonesia has been initiated since 1997.

The area development programme that has emerged recognises that achieving long-term positive change is a complex and multifaceted phenomenon. Successful development occurs when a continuum of development activities offers people in a given area not only a rise in incomes, but a broad, sustained improvement in the overall quality of life.

## **C. Natural Resources Management**

Natural resources and the environment largely influence the survival strategies of the rural poor and their households, and determine their quality of life.

Degradation of the environment due to various factors e.g. over-exploitation of natural resources and adverse effects of technological innovations have threatened to erode traditional practices of natural resource management. As a consequence, the livelihood activities in the rural areas particularly for the poor have been threatened creating adverse consequences on rural poverty. Particularly, the vulnerability of the rural women to environmental degradation is greater because of their limited access to productive resources which essentially limit their ability to pursue alternative income generating activities. Despite such adverse situations, the rural women have been observed to manage the rural resources and the environment in a prudent way through their practical knowledge gained over

generations of living with nature and evolving a sustainable and efficient mode of exploiting natural resources.

This component aims to analyze women's role and concerns in natural resources management in the rural areas and suggest policies to promote environmentally sound and women-friendly technologies and rural development efforts in Indonesia.

## **II. Objectives of the proposal:**

The broad objective of the Comprehensive proposal is to provide cost effective professional services by CIRDAP to the Government of Indonesia in the proposed areas relating to community development, area development and natural management being pursued and implemented by the Indonesian Government. To achieve this broad objective, CIRDAP intends to perform the following tasks in collaboration with SOCSEA.

- i) Strengthen local government system, particularly at the levels of most remote and isolated level of communities to extend outreach down to the grassroots and to ensure faster and efficient delivery of services.
- ii) Develop comprehensive Knowledge generation and review mechanism by setting up a strong and effective monitoring and evaluation system in order to initiate a result oriented continuous review analysis and feed back process.
- iii) Develop, broaden and strengthen the existing communication networking system between the national and local level to generate knowledge , create data base and ensure free flow of information among them. Special focus will be on integrating the local communities and individuals with the national, regional and local level institutions formulating and implementing RD & PA related services.
- iv) Broaden and popularize use of various methods of M & E Mechanisms to enhance, transfer and distribute innovative knowledge, ideas and information at the community levels.

## **III. Methodology**

The proposed project will be implemented over a five year period, divided into several phases. Depending on the results and outputs, there will be scope for up scaling the activities /tasks performed under different components. It will be implemented by a

Project Coordination Committee constituting of representatives from the Government of Indonesia, SOCSEA and CIRDAP. The proposed committee may be headed by the Director General of Community and Village Empowerment, Ministry of Home Affairs, Government of Indonesia. The Committee should also include members representing the areas / components delineated for intervention and service delivery.

As a multidimensional project, the implementation task may include, among others research, training, and various advocacy and extension services .Similarly the data requirement may be met from both existing published and unpolished documents and reports as well as from primary sources, based on periodic surveys and focus group discussions with the relevant stakeholders as and when desired by the coordination committee.

The implementation process being spread over several years period should keep provision for necessary changes and adjustments in the project design and implementation mechanism, based on the periodic review and assessment of the result obtained.

#### **IV. Expected Outputs**

The project outputs generated by different components may provide useful information and guidelines which will facilitate policy revision and changes required for obtaining best possible results and benefits accruing from effective implementation of RD and PA policies. Inter Agency Coordination and close backward and forward linkages established between different stakeholders and functionaries within and outside, the Government will assure use of best implementation practices in pursuing RD and PA policies and achievement of sustained rural development and faster rate of poverty reduction. Last but not the list , the existing relationship between CIRDAP and SOCSEA will be more closer and especially help SOCSEA in intensifying its efforts towards diversifying its activities and building its own strength and capacity.

#### **V. Estimated Budget**

<b>Activity/Component</b>	<b>Total</b>
<i>A. Research Component</i>	
1. Personnel Cost	
1.1 Local Expert (\$175/day for 5 experts)	89,250
1.2 Other professional and supporting staff	35,160
2. Field work costs	5,160
3. Equipment	30,000

4. Printing and Publication	15,000
5. Complementary Activities	20,000
Sub-total	194,570
<i>B. Action / Pilot Component</i>	
1. Personnel Cost	
1.1 Experts (\$175/day X 360 days X 2 experts)	126,000
2 Other professional and supporting staff	150,000
3. Field work costs	24,000
4. Equipment (computers & accessories)	15,000
5. Complementary Activities (training of field staff)	10,000
<b>Sub-Total</b>	325,000
<i>C. Training Component</i>	
1. Personnel Cost	
1.1 Experts	95,000
2 Other professional and supporting staff	60,000
3. Equipment	20,000
4. Extension Materials	40,000
<b>Sub-Total</b>	215,000
<i>D. Information Dissemination</i>	
1. Personnel Costs	63,000
1.1 Experts	
2. Equipment	30,000
<b>Sub-Total</b>	93,000
<i>E. Project Management</i>	
1. Personnel Cost	
1.1 Management staff support	50,000
2. Travel	20,000
3. Transport	50,000
4. Complementary Activities	33,000
5. Publication / Report etc.	10,000
6. Support services	50,000
<b>Sub-Total</b>	213,000
<i>F. Overhead</i>	104,057
<b>Grand Total</b>	<b>1,144,627</b>

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