
Community Driven Development, Collective Action and Elite Capture in Indonesia

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ABSTRACT

In response to the well documented limitations of top-down, modernist and authoritarian approaches that have dominated development, practitioners and academics increasingly promote more community-based approaches. The World Bank uses the term ‘community driven development’ to describe projects that increase a community’s control over the development process. In an analysis of a community driven poverty alleviation project in Indonesia, this article examines the vulnerability of such an approach to elite capture. The expected relationships among a community’s capacity for collective action, elite control over project decisions and elite capture of project benefits were not found. In cases where the project was controlled by elites, benefits continued to be delivered to the poor, and where power was the most evenly distributed, resource allocation to the poor was restricted. Communities where both non-elites and elites participated in democratic self-governance, however, did demonstrate an ability to redress elite capture when it occurred.

INTRODUCTION

In the period following the economic crisis and civil unrest in Indonesia in the late 1990s, the state, international development agencies and civil society organizations initiated new efforts to help the urban poor. The World Bank responded with the Urban Poverty Project (UPP). At the time, UPP represented a shift from the dominant model of centrally planned and administered development initiatives, in that it increased community control over decisions about planning, implementation and resource allocation. The project was a part of the World Bank’s fastest growing strategy for delivering development assistance, ‘community driven development’ — a term used to describe projects that increase community power over development (Dongier et al., 2002; Mansuri and Rao, 2004). Use of this strategy in Indonesia is particularly interesting because the project was introduced in the

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period following the rise of the pro-democracy and political reform movements. This was a period of social and political uncertainty marked by the emergence of new democratic institutions and the growth of civil society organizations, as well as by unprecedented opportunities for predatory local politics (Antlöv, 2003; Hadiz, 2003, 2004; Prasetyo et al., 2003; Sidel, 2004; Törnquist et al., 2003).

Community driven development is part of a broader paradigm shift responding to the well-documented critiques of top-down, modernist and authoritarian approaches that have dominated development over the last fifty years (Escobar, 1995; Holston, 1989; Kabeer, 1994; Mitchell, 2002; Scott, 1998). It is supported by a growing number of development practitioners and academics who argue in favour of community-based, participatory approaches to development (Chambers, 1997; Fung and Wright, 2003; Hirschman, 1984; Korten and Klauss, 1984). The shift is informed by three propositions in the literature. The first concerns the ability of decentralization to reduce the inefficiencies of centralized, state-controlled development (Kingsley, 1996; Manor, 1999). Closely related to that is the view that moving the locus of decision making away from central and local government bodies to communities promotes democratization (Abers, 2000; Blair, 2000; Diamond, 1999; Kohl, 2003; Wunch, 1998). The third proposition states that the outcomes promised by the first two propositions are more likely in communities with strong capacities for collective action (Gibson et al., 2000; Ostrom, 1990). One of the most significant threats to the success of community-based approaches is their vulnerability to capture by local elites.¹

The expanded use of community-based approaches by large-scale institutional actors has made more pressing the need to rigorously evaluate its foundational propositions and its vulnerability to elite capture (Blair, 2000; Conning and Kevane, 2002; Cooke and Kothari, 2002; Galasso and Ravallion, 2000; Mansuri and Rao, 2004; Platteau, 2004). The article uses case studies of UPP communities as an empirical lens to examine to what extent a community's capacity for collective action can help protect it from elite capture. The article is organized in four sections. The first section critically examines the separate, yet related, propositions which inform our understanding of community driven development: decentralization, democratization and collective action. The following section describes the design and implementation of UPP. Next, the article explains the research strategy and methods used to collect the data, while the final section discusses the findings of the case studies.

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1. Local elites are locally based individuals with disproportionate access to social, political or economic power. The term elite capture refers to the process by which these individuals dominate and corrupt community-level planning and governance. The following analyse various aspects of elite capture: Abraham and Platteau (2000); Baland and Platteau (1999); Bardhan (2002); Bardhan and Mookherjee (2000, 2002); Bienen et al. (1990); Blair (2000); Conning and Kevane (2002); Crook (2003); Das Gupta et al. (2004); Ebrahim (2003); Fung and Wright (2003); Olowu (2003); Platteau (2004); Shatkin (2004); Vedeld (2000).

COMMUNITY DRIVEN DEVELOPMENT: THREE PROPOSITIONS**Decentralization**

Expectations regarding community driven development are based partly on our understanding of decentralization. The literature claims that decentralization has the potential to improve: (1) design of contextually appropriate projects, (2) targeting of beneficiaries and (3) accountability to local residents (Kingsley, 1996; Manor, 1999). In addition to these claims, international development organizations and NGOs have embraced the idea that decentralization supports good governance (Heller, 2001; Nordholt, 2004). The expectation is that as the state relinquishes its control there arise social and political opportunities for civil society to organize and demand more transparent and accountable governance practices (Fung and Wright, 2003).

During the implementation of UPP, two pieces of decentralization legislation were passed in Indonesia (Booth, 2003; Crane, 1995; Fane, 2003; Silver, 2003; Smoke and Lewis, 1996; Turner et al., 2003; World Bank, 2003). Law 22/1999 gave 'authority' (*kewenangan*) to lower levels of government, thus weakening the central government's control over provinces and districts. This substantial devolution of political power sought to bring government closer to the people and thus create a more transparent environment (Nordholt, 2004: 37). A second law, Law 25/1999, reconstituted the fiscal relationship between the central government and the regions by replacing earmarked funds with grants.² A significant force behind the decentralization legislation was pressure for local autonomy (*otonomi daerah*). In particular the outer regions, many of which are resource rich, sought to benefit from decentralization because the centralized state structure under President Suharto's leadership had successfully ignored aspirations for self-governance and local needs (Turner et al., 2003).

The decentralization legislation also affected governance at the community level. The legislation dismantled Law 5/1979, which defined the rural village or urban neighbourhood as the lowest level of the central government's hierarchy, thus increasing the autonomy of community-level governance bodies.³ The new decentralization legislation mandated that community governance focus on 'diversity, participation, genuine autonomy, democratization and people's empowerment' (Antlöv, 2003: 197). According to recent studies, however, implementation of the legislation in a number of localities has created unprecedented opportunities for predatory political actors. That phenomenon is discussed in greater detail below.

2. For a better understanding of the history and politics behind the decentralization legislation, see Nordholt (2004).

3. Throughout this article, the terms community, village and neighbourhood refer to the same political-administrative level (*Desa/Kelurahan*).

Democratization

Our understanding of community driven development also derives from the 'democratic transition' literature that explains the different political forms that are likely to replace failed authoritarian regimes (Diamond, 1999; Huntington, 1991; O'Donnell and Schmitter, 1986). Hadiz (2003: 120) notes that those writing on political change in Indonesia have often assumed a linear progression towards democratic consolidation and have tended to ignore less agreeable forms of change. After Suharto's resignation, UPP was initiated in the wake of the pro-democracy movement and political reform movement (*reformasi*), the former focusing on the political rights and process and the latter on clean and transparent government. These movements are significant because they changed popular expectations regarding political rights, issues of representation, accountability and transparency (Törnquist et al., 2003). This makes analysis of UPP an apposite lens through which to examine the tension between the expectations created by these movements and the darker possibilities, such as the domination of democratic institutions by predatory interests.

Even during the New Order period, characterized by a strong centralized state, opportunities existed for elite capture. Sidel (2004: 62) notes a number of New Order policies that made the regime vulnerable to capture by local elites; for example, mandatory retirement for military personnel at age fifty-five resulted in low- and mid-level retiring officers assuming posts in their home provinces. Gangsters (*preman*) also emerged, with control over various criminal activities, and the New Order regime used these gangsters to suppress efforts to organize labour, put down political opposition movements, and manage campaigns and elections (Ryter, 2001; Sidel, 2004). Sidel describes how, at the community level, village heads and their families used their power and land allocations to become powerful elites under the New Order regime. This was somewhat mediated in urban neighbourhoods where the local village head (*Kepala Desa*) was replaced by an appointed civil servant (*Lurah*); however, in many cases this civil servant also became a powerful local actor.

The fall of Suharto's New Order regime and the transitions to competitive elections in 1999 expanded and diversified the ways in which local elites might consolidate power. McCarthy's (2002) study of Aceh, for example, reveals the entrenchment of a 'timber mafia' controlling natural resource management decisions. Hadiz (2003: 124) describes the new elites as 'ambitious political fixers and entrepreneurs, wily and still-predatory state bureaucrats, and aspiring and newly ascendant business groups, as well as a wide range of political gangsters, thugs, and civilian militia'. However, after reviewing current studies of local politics, Sidel concludes that local power in Indonesia differs from 'local bosses' in the Philippines and Thailand, in that it is not being consolidated in the hands of individual 'strongmen' or 'dynasties'. Rather, according to Sidel (2004: 69), 'economic and political

power at the regency, municipal, and provincial levels in Indonesia appears to be associated with loosely defined, somewhat shadowy, and rather fluid clusters and cliques of businessmen, politicians and officials'. He goes on to state that at the village level, 'power-sharing arrangements, contestation between rival families and factions, and high turnover appear to be the norm' (ibid.: 70).

Community governance is particularly vulnerable to elite capture because participants enter the process from unequal positions of power: they have asymmetrical social positions, disparate access to economic resources, varying levels of knowledge of political protocols and procedures and different literacy rates (Abraham and Platteau, 2000; Fung and Wright, 2003: 33). There are different types of elites at the community level, such as social, political and economic elites. Sources of elite power may include land holdings, kinship, lineage, employment, political party affiliation, educational attainment, religious affiliation, or tenure in the community. The literature identifies several institutional arrangements and mechanisms that are useful for protecting community governance from capture. For example, supervised and enforced rules of conduct can help achieve internal accountability. External accountability can be checked through mechanisms that facilitate exit and voice, such as elections, conflict resolution agencies and participatory budgeting (Hirschman, 1970, 1984; Olowu, 2003: 47). Other factors influencing elite capture are the frequency and intensity with which elites participate, as compared to non-elites; the capacity of elites to advance special interests; and their power to exclude other participants and issues (Fung and Wright, 2003: 34–5).

Collective Action

Early studies took a pessimistic view of the potential of collective action to overcome problems, such as elite capture. A number of scholars theorized that only in rare circumstances are groups of individuals likely to act in a co-ordinated and co-operative manner (Hardin, 1968; Olson, 1965; Sandler, 1992). For example, Mancur Olson (1965) theorized that groups of individuals with a shared interest will *not* act on behalf of that interest. Rather, he posits that since 'members of a large group rationally seek to maximize their personal welfare, they will *not* act to advance their common group objectives unless there is coercion to force them to do so' (Olson, 1965: 2). According to Olson, the problem is that there is no incentive for all to share the cost of collective action. Instead, he argues, each member of the group prefers that another member pay the entire cost — hence the 'free rider' problem. Olson does concede, however, that small groups are not only quantitatively, but qualitatively different from large groups, and that with smaller groups the free rider problem is reduced.

A substantial body of empirical research challenges such earlier theorizations of collective action (Baland and Platteau, 1996; Bromley et al., 1992;

Chamberlin, 1974; Gibson et al., 2000; Ostrom, 1990). For example, Ostrom's (1990) work takes issue with the conceptualization of the free rider problem and other difficulties associated with collective action. Where previous analysts had limited the possible responses to the collective action quandary to either control by a strong central government or regulation through a system of private property rights, Ostrom presents a third option: individuals can have agency to create their own agreements, institutions and systems of management, which have the capacity to change over time and prevent tragic outcomes. Through a series of case studies of small-scale common pool resources (CPRs), Ostrom examines how in various contexts a 'group of principals who are in an interdependent situation can organize and govern themselves to obtain continuing joint benefits when all face temptations to free-ride, shirk, or otherwise act opportunistically' (Ostrom, 1990: 29).

Findings by a diverse group of scholars have identified factors that influence the prospects for collective action: social and economic heterogeneity, group size, the existence of non-linear relations and the mediating role played by institutions (Agrawal, 2000; Agrawal and Gibson, 1999; Baland and Platteau, 1996; Campbell et al., 2001; Poteete and Ostrom, 2004; Quiggin, 1993; Vedeld, 2000). Scholars and practitioners analysing community-level collective action have become increasingly interested in how relationships based on trust, reciprocal exchange and social networks — social capital — affect outcomes (Carpenter et al., 2004; Daniere et al., 2002; Dasgupta and Serageldin, 2000; Grootaert, 1998; Grootaert and van Bastelaer, 2002; Narayan and Pritchett, 1999; Woolcock, 1998; Woolcock and Narayan, 2000). However, the conceptualization as well as the ultimate contribution of social capital to development remains a contentious issue in social science (Bourdieu, 1986; Coleman, 1988; Fine, 2001; Loury, 1977; Portes, 1998) and in public policy (Harriss, 2001; Lin, 2001; Mayer, 2003; Mayer and Rankin, 2002; Mayoux, 2001; Paldman, 2000; Rankin, 2002). For example, in societies where economic life is defined by patron–client relationships, trust and reciprocity between non-elites and elites has been shown to contribute to elite capture and corruption (Matin and Hulme, 2003).

THE URBAN POVERTY PROJECT IN INDONESIA

This article uses the Urban Poverty Project as a heuristic device to critically examine the propositions laid out above, which form the foundation for community driven development. UPP began in 1999 as a response to the economic crisis in Indonesia. The project was introduced by the central government in consultation with local governments; however, because of the desire for the project to be community driven, the project was introduced to communities by an independent, project funded and trained facilitator, who usually came from the same region. Implementation in the first phase of the project focused on dense urban corridors in fifty-nine sub-districts (*Kecamatan*) and 1298

urban neighbourhoods (*Kelurahan*) in northern Java, Yogyakarta and Malang (World Bank, 1999: 4). Because UPP was initially designed as a response to the economic crisis, in the first phase the project emphasized transferring funds to communities quickly and efficiently. Therefore the time available to introduce the project to communities was limited. During the initial years of the first phase, communities received approximately 1 billion Rupiah and smaller communities received 250 million Rupiah.⁴ In later years the allocation was reduced.

As part of the introduction process, the project facilitator explained that the project was to be implemented through a community-based organization. In most communities this required establishing a new community-based organization (*Badan Keswadayaan Masyarakat* — BKM) or strengthening an existing organization, to receive and administer the project funds. This process usually took between four and six months and unfolded with a high degree of variation from one community to the next due to differences in factors such as the community's organizational capacity. In all communities, the BKM exists at the same level as the *Kelurahan*, the lowest level of the state's political administrative hierarchy, although it purposely seeks to set itself apart from that structure. The BKM is managed by community volunteers who are ideally selected by local residents through a deliberative democratic process. Each BKM decides how it will use its funds to alleviate poverty, from a menu of three programmatic options: providing micro-credit to local entrepreneurs; constructing physical infrastructure; and improving human resources through training. Most BKMs decide to invest the majority of their funds in a revolving fund for micro-credit for which groups of entrepreneurs develop loan proposals. The BKM is significant in many communities because it is independent from the state, thus creating a new political space.

The project was introduced in generally the same way in each neighbourhood. It underscored the importance of open public participation, with specific emphasis placed on the participation of poor residents. It stressed the use of a 'democratic' process for selecting project leaders, defined this process as everyone in the community having an equal voice. It also highlighted the importance of transparency and accountability in resource allocation decisions. These general guidelines were communicated during the introduction of the project. Some specific mechanisms for implementing the guidelines in practice were also suggested, such as establishing groups of borrowers comprised of successful entrepreneurs and poor community members; the use of secret ballots for selecting leaders; and public displays of project information in ways that are easy for non-elites to access and understand. However, there were almost no mechanisms to guarantee that these guidelines were followed. Ultimately, neighbourhood residents determined 'the rules of the game', such as the qualities leaders should possess, the detailed

4. The exchange rate used was US\$ 1 = 9,300 Rupiah.

protocol for their selection, and the criteria for judging proposals for projects. That looseness resulted in significant variation in project outcomes from one neighbourhood to the other.

RESEARCH STRATEGY AND DATA

The findings which follow are based on a series of case studies of UPP communities from the first phase of the project.⁵ The selection of the case study communities, four of which are analysed here, was purposive and illustrative — not random or inclusive. Case study communities were selected to represent some of the diverse contextual variables theorized to affect collective action, and to represent the different conditions in which the project was implemented, including group size, population homogeneity and heterogeneity and where the community was placed on a rural to urban continuum. Data were collected by trained field research teams consisting of two men and two women and one research supervisor per community.⁶ The research strategy sought to generate data on three topic areas: (1) background and contextual information on the community; (2) a non-UPP community-based development effort (*swadaya*); and (3) UPP implementation and project outcomes.

As a first step, the research teams conducted three to five focus group discussions. Based on the outcomes of these discussions, the researchers identified approximately thirty key informants for informal interviews. All semi-structured interviews were tape recorded, transcribed and coded. Background data on interview respondents were gathered using structured household and individual questionnaires. In addition, a greater number of unstructured interviews were conducted. These consisted of conversations between the researchers and residents. These interviews were not recorded, but notes were kept in a field journal. Each team completed a map of the community, and the researchers maintained daily field journals documenting conversations, activities and observations.⁷

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5. The authors focused on communities that participated in the first phase of UPP because these projects had been operating for the longest period of time and as a result would provide the clearest picture of the issues. The authors decided not to mix communities from the first and second phase due to the slightly different implementation environment.
 6. It is always difficult to determine to what extent a researcher influences his or her subject. This is particularly problematic when evaluating an externally funded development project. The second author participated in the field research. Respondents understood that the second author and the research teams were not World Bank staff members, and respondents were promised that their anonymity would be protected. As a result, all names in the article have been replaced with aliases.
 7. The field research was conducted between June and August 2003. Initially the second author and two research supervisors gathered preliminary data in each community. Then the research teams, research supervisors, and second author returned to each case study community to collect the majority of the data. The three-month period was divided between training, pre-testing, collecting data in the field, preparing transcripts, coding data and

FINDINGS

Findings from four case studies are discussed below. The case studies represent varying degrees of elite control, elite capture and democratic self-governance. The first case study, Kelor, is the purest example of an elite controlled project. The case studies of Tirta Kencana and Sekar Kamulyan demonstrate varying degrees of elite control, elite capture and democratic self-governance. The case of Kisma Wasana is the clearest example of democratic self-governance.

Kelor

Kelor is a neighbourhood in East Java located southeast of the City of Malang. The area has its own traditional marketplace, modern stores, schools, health care clinics and telecommunications facilities. Despite the presence of physical infrastructure, Kelor has a 'rural feel' that is due to the strong presence of agricultural production and the continuing importance placed on traditional customs and cultural ceremonies. Ethnically, the neighbourhood population is almost exclusively Javanese, and residents know each other and each other's extended family and personal histories.

There is a long history of collective action in Kelor, evidenced by the numerous projects organized around communal ethics like *gotong royong*, *gugur gunung* and *soyo*.⁸ The ease with which collective action is initiated in Kelor is not surprising given its ethnic homogeneity, small group size and closed and stable social relationships. Nevertheless, it was not easy to establish UPP in Kelor because the neighbourhood had had a series of negative experiences trying to manage other similar, community-based, micro-credit programmes. Although the community identified a need for low-interest credit, earlier negative experiences such as households' inability to repay loans made the community sceptical about the benefit of UPP and the likelihood of its success. For example, during the introduction of the project, one ward (*Rukun Warga*) rejected the project outright.

The political-administrative status of Kelor changed from a rural village to an urban neighbourhood in 1981. Before the transition and for a few years after it, between 1956 and 1986, the same village head, a local resident, led the community. When Kelor's administrative status changed to a neighbourhood the village leader became a civil servant. Despite this change in

preliminary analysis. Sixteen researchers (including the second author) worked on this study full-time during the initial field research period. After this three-month period was complete, five researchers continued to analyse the data for an additional three months.

8. These ethics are employed to support local residents working co-operatively to get a variety of tasks accomplished; for example, raising a roof, contributing to a cultural ceremony or clearing a road. For further discussion of communal ethics, like *gotong royong*, see Bowen (1986); Koentjaraningrat (1961).

status, the same group of powerful local elites continue to control community governance. This is demonstrated, for instance, by the neighbourhood's ward leadership; one ward has re-elected the same leader for seventeen years (1983–2000). Kelor shows only the smallest signs of political reform, such as recent changes in ward leadership and the establishment of new community governance institutions.

The elite and non-elite in Kelor are separated by a notable material and social gap. The elite consists of an older generation of civil servants, teachers and retired military service personnel. They are the leaders of the wards and almost all community-based organizations in the neighbourhood. The non-elite work as street vendors or as merchants in the market or in agriculture, and they have a very low representation in the UPP leadership. Although the non-elite attend UPP meetings, they have limited decision-making power. The achievement of an accountable and transparent project thus depends largely on internal monitoring among local elites. Despite the high degree of control that elites have over the project, residents feel that they are accountable to non-elite interests. Respondents described the elites in Javanese as *momong* (willing to protect), *momor* (fair) and *momot* (willing to listen [to non-elites]). The first signs of tension are starting to emerge between the older elite's desire to maintain power and a new, younger generation of the elite who are starting to desire power. In the words of the former neighbourhood leader, '[the older elites] want to hold onto [power] until they die'.

While most elites in Kelor represent an old power structure, a new generation of activists — young elites — are starting to participate in decision making and to demand the redistribution of power. This latter group are employed in diverse occupations; their elite status is based on having a higher socio-economic position compared to non-elites. Whether old elite or young elite, however, everyone involved in decision making, governance and leadership is either socially or economically elite. Thus UPP in Kelor is an example of a project that is controlled by elites. Yet we found no evidence that project benefits are captured or ill appropriated. On the contrary, local residents characterize community leaders as fair and responsible caretakers of the poor. One possible explanation is that elites are capable of internal, horizontal monitoring when they derive their power from diverse sources, such as their role as teachers, civil servants and long-time residents in the community.

Tirta Kencana

The neighbourhood of Tirta Kencana, located on the urban periphery of Malang in East Java, has recently undergone a rapid rural-to-urban transition. The neighbourhood has a range of urban infrastructure, including a gas station and a public library, and the neighbouring community has a large market and a bank. The neighbourhood is surrounded by three university

campuses, so many local residents work in the service sector that supports the student population. Ethnically, Tirta Kencana is more diverse than Kelor. The diversity is a result of the influx of new residents; the long-term residents are predominantly Javanese.

Tirta Kencana is characterized by its strong capacity for collective action, evident in the level of activity and importance of *paguyuban* (community groups). The numerous *paguyuban* include formal and informal, indigenous and state-sponsored, and religious and secular groups. They pursue collective efforts to improve the community's physical infrastructure and social welfare. Each *paguyuban* has its own method for selecting leaders, such as voting, rotating duties or group consensus. Decision-making authority rarely is placed with a single person; rather, decisions are made through a consensus building process (*musyawarah*). The practice of organizing in small groups is common in Javanese villages and in urban neighbourhoods or *kampung*. What makes Tirta Kencana unique in this regard is the large number of such organizations, the high rate of local participation and their comprehensive geographic coverage. Almost everyone in Tirta Kencana is involved in multiple *paguyuban* and regularly contributes significant amounts of time and resources to these organizations.

Prior to the decentralization legislation, Tirta Kencana was characterized by a form of *de facto* decentralization due to the powerful role played by local activists in community governance. According to a former village leader, Tirta Kencana has a long history of residents planning, implementing and managing their own projects, and typically the state has played only a minimal role, if any, in their efforts.

In the hierarchy of socio-economic classes in Tirta Kencana, the majority of the residents belong to families who have lived and worked in the area since agricultural employment dominated. With the conversion of agricultural land to urban uses, most residents have taken advantage of new urban employment opportunities. Meanwhile, the urbanization process and changing land use patterns have brought an influx of residents from diverse socio-economic classes. Some of these residents have moved into new housing built specifically for an economically elite clientele. They are members of an educated, urban professional class, such as the academics employed at the local universities. The new residents with higher economic status rarely participate in community-based organizations such as *paguyuban*. There are two notable exceptions, however, to this pattern: they dominate state-sponsored community governance institutions and the UPP leadership positions.

There are two distinct categories of elites that dominate the leadership positions in community governance in Tirta Kencana. First, there are indigenous elites, long-time residents who have been active and have held leadership roles in the community for an extended time. These elites include leaders and activists in the various *paguyuban*. Second, there is a group of professional elites who have higher educational attainment and economic status; for example, the two-time BKM leader is an engineering professor. The

professional elites dominate the state-sponsored, neighbourhood-wide governance organizations. According to local residents, indigenous elites who are leaders of the *paguyuban* are valued for their honesty, past performance and reputation, whereas the professional elites are valued for their skills and experiences.

Despite elite control, UPP has been successful in targeting resources to the poor in Tirta Kencana.⁹ Both indigenous elites and professional elites in the Tirta Kencana exhibit a strong capacity to devise protocols, mechanisms and rules that protect their collective efforts and community resources from capture. These protocols enable a significant degree of horizontal monitoring both between and among indigenous and professional elites. One explanation for the absence of elite capture is that this is a community where a strong capacity for collective action preceded UPP, and the project has benefited from this pre-existing capacity.

Sekar Kamulyan

The village of Sekar Kamulyan is located in a rural area southeast of Bandung, a large metropolitan and textile manufacturing centre in West Java. Sekar Kamulyan is a rural village in transition to an urban area. Although agricultural production remains the dominant land use, it employs only a limited number of seasonal labourers. Most local residents work in manufacturing, commercial trading, various transportation-related jobs or as civil servants. Younger workers entering the labour force prefer to work in local factories or to start their own businesses, rather than to work as agricultural day labourers.

The village of Sekar Kamulyan has many characteristics that the literature associates with a strong capacity for collective action. The total population is the smallest of the case study communities. The population is relatively homogeneous, dominated by Sundanese, with fewer than 10 per cent of residents identifying themselves as Javanese or from other ethnic groups (such as Minangkabau, Batak or ethnic Chinese). Approximately 97 per cent of the residents are Muslim. The village of Sekar Kamulyan has a long history of using collective action to build infrastructure, to prepare the village for Independence Day celebrations and to meet sanitation and maintenance needs.

Despite the ethnic and religious homogeneity of the population, there are noticeable disparities in residents' socioeconomic status and access to

9. The authors concluded that UPP was successful in delivering resources to the poor based on direct observation and in-depth interviews with UPP beneficiaries, neighbourhood residents and project leaders. The main indicator of success was the credit delivered to individuals with modest livelihoods and socio-economic backgrounds (such as women preparing snacks, pedicab drivers).

material resources. Historically, a group of 'old elite' from a single extended family dominated community governance in Sekar Kamulyan. According to respondents, these members of the elite appointed to positions of power only those non-elite who they knew would 'compromise' (*badami*) neighbourhood interests in favour of elite interests. They developed neighbourhood-level political machines by giving out material rewards generated from community development projects such as infrastructure projects. The status of the old elite was based on their higher socioeconomic status and extensive land holdings, and on the fact that many older elite had spent part of their careers as civil servants or military officials outside the village. In the period before the introduction of UPP, Sekar Kamulyan was an example of a community where closed and stable social relationships facilitated patron–client relationships that corrupted development projects.

Since decentralization, power over community governance in Sekar Kamulyan is beginning to be redistributed. The establishment of new community governance institutions has created opportunities for political competition that has brought new political actors into power. The introduction of UPP also helped create opportunities for the non-elite to prevent the old elite from controlling decision making, monopolizing leadership roles and capturing project resources. The broad-based, participatory decision-making process that was introduced with UPP is in stark contrast to previous community governance practices.

Sekar Kamulyan is a community breaking out of a pattern of elite capture, where local residents are starting to demand a voice in community governance. Part of the credit for this transition is due to a dedicated project facilitator who understood the existing pattern of elite-dominated community governance. Her response was to launch an ambitious outreach effort to involve everyone in project meetings. This broad-based participation was a departure from community meetings in the past, to which only the old elites were invited; non-elites were excluded and information was withheld. For the first time, local residents participated in a democratic process to select project leaders, rather than candidates being nominated by the existing leaders of neighbourhood organizations and wards. This opening-up of the governance process, however, has not resulted in the complete replacement of the old elite with non-elite; rather, it has created new political space for a group of young elite as well as a limited number of non-elite to participate in decision making.

To date the actions of the young elite constitute a reaction against the corrupt behaviour of the old elite. They have established a series of transparent protocols, reporting mechanisms and self-auditing measures in an effort to prevent capture of UPP resources. The project provided an opportunity to redistribute power and establish new protocols for governance in a community frustrated by predatory politics. It is important to note that the ability of local residents to initiate this change cannot be understood solely within the narrow context of the project or even the community; instead, it must be

understood in terms of the political space created by the project, the historical and social community context and the broader, supportive environment created by the pro-democracy and political reform movements.

Kisma Wasana

The neighbourhood of Kisma Wasana is located just outside downtown Malang in East Java. It is a densely populated urban area, divided by a river. Residential settlement in the area dates back to the Dutch colonial occupation of Indonesia. Conflict over land tenure is a longstanding problem. In the 1970s the Indonesian government attempted to move the city of Malang's poorest residents — those living on the banks of the rivers, the homeless and commercial sex workers — to Kisma Wasana. The government relocated them to sparsely populated land and to the Chinese cemetery there. After the cemetery was completely converted to housing, new residents began to occupy the land closest to the river and along the railroad tracks.

During the Dutch colonial period, 15 per cent of the residents in Kisma Wasana were of Chinese descent. Since this period, the area has been known as a destination for migrants from Malang as well as from surrounding areas. Social relationships in Kisma Wasana have been characterized by instability and a lack of closure, due to the influx of new migrants and the state's forced relocation of residents both into and out of the area. Recently, residential instability has waned because of the physical limitation on the entry of new migrants into the area. Today Kisma Wasana is a neighbourhood known for its ethnic diversity. It is best characterized as an agglomeration of many ethnic, religious and socio-economic sub-communities, separated by physical barriers.

Kisma Wasana has none of the characteristics the literature associates with a strong capacity for collective action. Despite this, many of the smaller sub-communities are starting to exhibit a limited capacity for collective action. Respondents noted the diversity of communitarian values that are evoked to support collective efforts. For example, among the Javanese there is the tradition of *soyo*, residents working collectively to build or improve a neighbour's home. The Maduranese have a tradition referred to as *terop*, in which residents contribute financial and/or material resources to help a fellow community member host a ceremony or feast. Residents also organize themselves through prayer groups — *Yasinan*, *Tibaan*, and *Manakip*. Besides their primary religious function, these groups provide opportunities for residents to exchange information and discuss issues of broad community importance such as household welfare, environmental problems, community security and governance.

Before the onset of the political reform movement in Indonesia, the residents of Kisma Wasana had a reputation for 'informal self-governance' and openly defying the state. No one individual or group controls the political

processes in Kisma Wasana; instead, multiple groups have power. For example, the old elite derive their power from their extended tenure in the community, their extensive experience as community volunteers and their age. Groups of new elite have power based on their higher socioeconomic status, advanced educational attainment and political contacts outside the community. The leader of the BKM is a member of the new elite. In Kisma Wasana some poor residents also have political power and hold leadership positions in the wards. Their power is derived from their popularity, tenure in the community and the trust of other poor residents. Other groups within the community have power based on cultural, religious or political membership. Keen competition among these groups has worked to prevent any single group from either controlling or capturing UPP.

During the initial implementation of UPP and in accordance with the project's guidelines, many loans were made to poor households; however, many of these loans were not repaid or were repaid late. It was difficult for project staff to collect repayment from delinquent borrowers due to the size of the community and transitory nature of many of the poorest residents. To rectify the problem, the BKM leaders and residents agreed on a new policy for more stringent assessment of potential borrowers' financial solvency and assets before approving a loan. In addition, the BKM has developed punitive measures not only for individuals but also for wards that have residents who are delinquent in repaying loans. Despite the relatively even distribution of political power in Kisma Wasana, including participation of the poor, both residents and the BKM leaders felt that these measures were necessary for the longevity of the project, even though they violated the project's official guidelines. In short, residents chose a course of action that improved the likelihood that more residents could benefit from the project over a longer time period, at the expense of providing benefits to the poorest residents who had a higher likelihood of not repaying their loans and eventually bankrupting the project. Kisma Wasana is an example of a democratic process that was not captured by elites and yet it failed to identify helping the poorest residents as the highest priority.

The residents of Kisma Wasana and the UPP leaders have devised a number of organizational mechanisms and rules to safeguard the project from elite capture. For example, an open community forum was established to read the project reports aloud so that illiterate community members could track resource allocation decisions; a group of non-voting overseers was established to improve accountability; and information about the project was displayed in public places throughout the neighbourhood to facilitate transparency. These innovations do not guarantee the protection of UPP from familiar problems that plague community driven development projects: volunteers steal funds, poor residents find the project too complicated and bureaucratic, and participants fail to repay loans. However, the more even distribution of power among residents and the broad-based participation that characterizes the project have enabled the residents of Kisma Wasana to redress problems

when they occur, develop mechanisms to prevent the same problems from reoccurring and improve the project over time.

CONCLUSION

A growing number of academics and practitioners are promoting community-based, participatory approaches to development. Support for these approaches can be found in three theoretical propositions in the development literature: decentralization, democratization and collective action. Informed by these propositions, community driven development has become the World Bank's fastest growing strategy for delivering development assistance. The approach increases a community's control over the development process. A major risk inherent to this strategy, as with other decentralized and community-based strategies, is its vulnerability to capture by local elites. This article has examined to what extent a community's capacity for collective action can help protect it from elite capture.

The case studies presented here paint a complex picture. In the first community — Kelor — the project was controlled by local elites, yet resources were targeted to deserving beneficiaries. The planning and development process was neither participatory nor democratic; however, it was accountable to the needs of the community, in particular the poor. In Tirta Kencana, the second community, there was broader community participation, but project leadership and decision making continued to be controlled by elites. Yet, again, elites were accountable to the community. In the third case — Sekar Kamulyan — the community had a history of domination by corrupt, predatory political actors and UPP presented a new political and institutional opportunity to break out of a pattern of elite capture. In Kisma Wasana power was the most evenly distributed; however, the community decided to limit resource allocation to its poorest members.

These findings do not support the often assumed relationship between a community's capacity for collective action and elite capture. Not all elites who had power were corrupt, a finding that highlights the important distinction between elite *control* and elite *capture*. Local elites were willing and able to contribute the time and know-how needed to facilitate community-level projects and governance. At the same time, democratic community governance did not result in resources being allocated to those with the greatest need. The distinctive advantage of broad-based participation and democratic governance was that it created opportunities and the political space necessary to redress elite capture and other problems common to community driven development when they occurred. In communities where projects were dominated by elites, it is unclear what avenues were available to local residents to redress problems.

The literature identifies a number of community characteristics (including small population size, homogeneity and equality) which are believed to

support collective action. The findings from the case studies illustrate two distinct forms of collective action. The first form, clearly demonstrated in the case of Kelor, is based on small group size, homogeneity and closure and stability in social relationships. These characteristics foster co-operation and consensus, which are key ingredients in creating and delivering public goods and services. These same characteristics, however, also create an environment where it is easier for elites to capture community development and governance and make it difficult for a community to break out of cycle of capture when it occurs, as exemplified by the case of Sekar Kamulyan. The second form of collective action, demonstrated in the case of Kisma Wasana, is based on diversity, dispersed power and a dynamic social and political process. This second form of collective action has the potential to redefine power relationships, generate structural change and generally make community development and governance more difficult to capture.

In conclusion, the findings from the case studies demonstrate significant relationships between four factors and elite capture. First, there is the design of the project, including the creation of a new community governance institution, general guidelines for broad-based participation with an emphasis on including non-elites, and the importance placed on democratic decision making and transparency. The second factor is the pre-existing community context in terms of heterogeneity and group size, community cohesion, social hierarchy and power relationships. The third factor is the community's capacity for collective action. Here we are referring to both forms — the ability to co-operatively deliver public goods and services, and the capacity to redefine power relationships and create structural change. The fourth factor is the broader social, political and economic context including the economic crisis, the new decentralization legislation, the pro-democracy and political reform movements and a heightened sensitivity towards corruption, collusion and nepotism. While the democratic transition literature often assumes a linear progression towards consolidation, the findings from the case studies demonstrate that, at the local level, the capacity to create institutions, mechanisms and protocols capable of thwarting elite capture exist in varying degrees. Support for and further development of this capacity is essential for the success of decentralization and democratization in Indonesia.

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