INNOVATIONS FOR SUCCESSFUL SOCIETIES

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Interviewer:	Rushda Majeed
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MAJEED: This is Rushda Majeed on 25th October, 2013. I am here in Jakarta, Indonesia
               and I'm speaking with Mr. Herman Haeruman who was part of the initial planning
               and implementation of KDP (Kecamatan Development Program) and he was at
               BAPPENAS.

               If I may start this conversation by asking you a little bit about your position at
               BAPPENAS in the mid to late 1990s and then how you became involved with the
               KDP program.

HAERUMAN: *I was joining BAPPENAS, National Planning Agency, right from the university,
               going there and heading one of the bureaus, they call it environmental
               management. After several—you know there are environmental issues in
               Indonesia in the 1980s is not in the government. Mostly it was developed on the
               basis of community participation. So the NGO (nongovernment organization), I
               was just promoting the development of NGO. The government at that time is not
               responsive yet because the priority is development growth, things like that. So I
               was put in the center of that turmoil. So that is the first experience I have in
               government to develop this community participation. So a lot of NGOS were
               developing in those years.*

               *After that I was joining the Ministry of Environment, also under community
               participations. So how we can develop participation of the public into the
               management of the environment. Most of the time I was trying to train people on
               environmental impact assessment, participation of the people in the project
               development through impact assessment.*

               *Then I was called in BAPPENAS and I was becoming a deputy [Indecipherable
               of regional] development. Now this one is quite different. Environment is one,
               20% of that – in that – institution, the rest is regional development. So at that
               moment, it seemed to be that participation of the public is very important. We
               talked a lot about this. We started what we called poverty alleviation] program. I
               think you have heard of the IDT (Inpres Desa Tertinggal) That is poverty
               alleviation— assisting people directly with all of this, what all of this what you call
               access to development.*

               *Then we started looking at this. One village is not independently itself, we're
               dealing with many in the area. So we would like at that time, can we put them
               together, not just managing one village but managing the linkage of the villages.
               Then we started with kecamatan, kecamatan is above village but village is not
               under kecamatan, village is autonomous. Kecamatan is part of the kabupaten
               which is like counties.*

               *So when we developed managing the linkage between villages, then we called it
               KDP, Kecamatan Development Program. The idea is that something like that—
               the government service at the federal, lower level, is at the kecamatan. We have
               at that level what we call health program [Puskesmas Busiat Marakat]. It is like a
               community health service. They have a doctor, other facilities, for helping the
               people at the village level. But the center is at the kecamatan. The second one is
               agriculture extension, which is also at the kecamatan, and education. It is
               organized in the kecamatan. So if you call it bureaucracy service it is in
               kecamatan.*

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So then we will see] maybe we can extend it overall and not just as part of the central government but also for their own activities. So we put that, what we call it poverty alleviation. We say this. This is just service, health service, education, and agriculture with livelihood for the rural area. We put together and then we call it the KDP at that time. So it is moving very fast.

MAJEED: Which year was this? Can you give me the timeline? Which year was this?

HAERUMAN: *Let's see, in 1985 or something.*

MAJEED: So 1985 was the IDT.

HAERUMAN: *Yes IDT. Then two years after that, we put it in KDP and all the way until 1991, and then we had PNPM (National Program for Community Empowerment). It is actually people's participation but now it is supported by capital behind that like [Fantura?] capital, something like that. So this is the progress development between IDT, KDP and then move to PNPM.*

MAJEED: There was also another program in between the village infrastructure program.

HAERUMAN: *Yes.*

MAJEED: Was that also connected? Did some of the ideas from there come into the KDP?

HAERUMAN: *It is then coordinated with this, yes, but it is not at the kecamatan, it is kabupaten level.*

MAJEED: The VIP (Value Initiative Program)?

HAERUMAN: *Yes. And then that village [Indecipherable 00:06:37 infrastructure] is supported by the World Bank at that time so it was coordinated in the kabupaten level.*

MAJEED: Why was there a need for the KDP at that time?

HAERUMAN: *It is something like this. The support from the central government or kabupaten level goes down like this—there is no coordination between them at the grassroots level. So we think maybe it is more effective if we put them together under this coordination of jamaat. So KDP is not sectoral, it is not agriculture. It is an integrated system so whatever they need they can have that through the system. For example the KDP from agriculture, they go all the way down agriculture, all the way to the desa [village] with the help of the farmer. So they have to go together. Then infrastructure in put in there for rural infrastructure.*

MAJEED: Why did you choose kecamatan?

HAERUMAN: *As I mentioned to you the kecamatan is the lowest level of government service institution.*

MAJEED: Yes.

HAERUMAN: *It is a formal institution. It is headed by educated, what you call it—.*

MAJEED: Civil servants?

HAERUMAN: *Yes. It has an organization like chairman, vice chairman, secretariat and all of this, the officials. So this is the forerunner of development in the rural area. So with these ideas we think we can go down directly to kecamatan.*

MAJEED: At that time it was also nearing the end of the new order regime. And also there was the financial crisis that was going on at the time.

HAERUMAN: *Yes.*

MAJEED: Did any of these factor into how the KDP developed or even how it was thought of or conceived?

HAERUMAN: *If you look at that, the KDP is becoming a tool for many political [Indecipherable 00:08:56 actions]. They want to grab it as their power. So BAPPENAS is not politicians. We tried to set them together. This is not a political tool. But in the village there is a lot of this. For example, one of the politicians says this is my program. They said. So it is becoming a power struggle. But it continues. Then we have to make a different name, like transferring it to PNPM you look KDP is gone. But they actually tried to reduce the impact of this political struggle in helping the people. The village is supposed to be free from political influence. So there is no political party officially in the village. That is one of the, what you call it, political agenda of the development.*

MAJEED: Right.

HAERUMAN: *So the crisis of course mostly limits the government. But all they're trying to do with KDP is try to empower the communities. So we hope at that time that with this kind of crisis in the center, the empowered community will survive, and it is surviving.*

MAJEED: Sure.

HAERUMAN: *For example, when the crisis—the only one surviving is the community, what you call it - activities in the economy. You see a lot of people just selling something along the road.*

MAJEED: Small businesses.

HAERUMAN: *Small business, that is the community. So the funds going down to the village we expect that it is going to be one of the community participations in what we call it - assessing the new life. So that is the issue. There are a lot of issues talking about this and you are asking a very good question.*

MAJEED: Who were the main people behind the KDP? Where was some of this thinking coming from? From within BAPPENAS or were there other agencies involved? I know that the World Bank was also involved in some way.

HAERUMAN: *Yes, they were involved there. So within BAPPENAS of course, as a government, within BAPPENAS there is a group of experts within BAPPENAS. So under what we call the deputy of regional developments, so there is also some assistance from the World Bank. But they are also supposed to be sitting there, part of the team. For example we had the IDT, as I mentioned, supported by World Bank at that time. Also the village infrastructure. So when the crisis is there, this is the only funds we have. So it continues.*

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MAJEED: Just to ask a little bit more about the people behind it within BAPPENAS, how big was the team? Who were some of your original colleagues if you can give me any names?

HAERUMAN: *I don't know if they are still in BAPPENAS like Tatag Wiranto. Then Gunawan Sumodiningrat and then Sujana Royat and all the people in the [Indecipherable]. Then assisted by the Dalam Negeri, which is already assessing me, or assessing us. Its already gone, it is deceased. It is not there anymore. So when you would like to see this you can go to Sujana Royat. He is now at the Ministry of Welfare, the PNPM. He is now managing that now in PNPM. He is not in BAPPENAS anymore. He has transferred to Ministry of Welfare, Public Welfare. So that is the group of people.*

     Of course the local government, like BAPPENAS, BAPEDA, original planning agency is supporting. At that time BAPPENAS is very strong—at that time—; now it is reduced because of decentralization all the way to the local government.

MAJEED: Did decentralization affect KDP program?

HAERUMAN: *Actually not because KDP is designed to strengthen the autonomy. So the decision is in the local government. So they have a team there to look at that. But we tried to bypass all this bureaucracy in the center actually. For example, funding. It goes to Finance. A lot of steps. So we said okay, well take it out. Go directly to the village, but you have to open the bank account. So they have a bank account open, so it can go faster.*

MAJEED: So speed was one reason. Why did—can you talk a little it more about the rationale or the reason why you would want to not go through the standard financial disbursement system but put money directly in the hands of the communities?

HAERUMAN: *Well, actually we had a lot of mechanisms. One of these what you call standard form, that's [Indecipherable 00:14:43] but we need something faster. For example in the government it said if you are going to assist the rural communities. The rural community has to organize themselves into a legal form. And it is very difficult for the farmer to organize themselves like that. So we said, okay, can you build a legal form at the kabupaten level. It was supposed to be approved by bhupati. Not approved actually, acknowledged by bhupati and that's enough. They don't have to go to the lawyer or things like that. With that we can transfer directly three things. One is directional; the second is the farm, and the third one is what we call the administrative support.*

MAJEED: In terms of the KDP itself, if you had to think about the original goals of the program, how would you define them?

HAERUMAN: *Actually KDP is initiating at that time the way the local government developed things. It used to be from top, we're just waiting. Now we ask them to design this thing together. So this is the initiation. Right now, for example, the KDP scheme used by kabupaten for what is grant to the village. In one area for example in Kalimantan, kabupaten provide grant to the village development, it is up to the village how you are going to do it until 1 billion Rupiah a year. In some areas 25 million. Different. It is depending on how rich they are. In Kalimantan, of course,*

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is a lot of money there so they can afford to provide grant to the village, 1 billion Rupiah.

MAJEED: But in terms of—I've heard what you said earlier is that KDP was—well, you've worked on community empowerment projects earlier, BAPPENAS was poverty alleviation, had one of its mandates as poverty alleviation. And I was wondering with KDP design in mind was it community empowerment? Was it poverty alleviation? Was it decentralization? What was the main goal?

HAERUMAN: *Actually the main goal is poverty alleviation. But then you add to that there will not be alleviation of poverty without empowerment so you put that on. And the third one, this will not be achieved if the local government doesn't have any initiative. So this is the autonomy. So in our autonomous system, the autonomy is delegating power from central to the local government, not to the people, the local government. The people are still not autonomous. But now the people are developers so they can ask questions to the local government. So more interactive people.*

MAJEED: That's good, thank you so much. In terms of the relationship with the World Bank, of course the World Bank was funding the project, I was curious about how you— if the World Bank assisted in the design providing technical advice? What was some of the relationship vis-à-vis KDP on a day-to-day basis?

HAERUMAN: *Of course there is—in central—in BAPPENAS there is a group of people working on it and together with the World Bank we developed what we called independent monitoring.*

MAJEED: Independent?

HAERUMAN: *This is like NGO within the government. The World Bank developed this monitoring system but it is independent. There are a lot of young people working in that, very idealistic. I think like Sumero groups. That is the initiation of what you call independent auditor but this isn't about money, this is about performance.*

MAJEED: Okay.

HAERUMAN: *This is the key. The operation within the bank and with government is using this network. But of course the bank provided all the money as a loan, not a grant. So when it is a loan it is up to the government. So if I went into BAPPENAS and say this is my money now, I have to pay it back somehow, some time. So the bank is not very imposing. So we agreed to that but we have to make a review every year and act together because the bank has to report to their manager and we have to report to the government and then put them together.*

The chairman of the IDT is Minister of BAPPENAS. The World Bank is part of it.

MAJEED: For the KDP?

HAERUMAN: *Yes.*

MAJEED: Can you talk a little bit more—it was very interesting when you mentioned the purpose was to develop an independent monitoring system. How did—who was—how was it created, what was the structure and how did it work? I know that was a long time ago.

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HAERUMAN: *Yes, a long time ago. Something like this. They had a way to go direct to the field, monitor what is going on.*

MAJEED: So the facilitators.

HAERUMAN: *Yes.*

MAJEED: Okay.

HAERUMAN: *We are using also the university groups as what we call it the university participation in kabupaten. So these university people are always independent; are always critical. This is the initiation of outside participation in KDP. That is probably it. Then this organization, financed by the bank, not by Indonesia, but we have to agree on the financial. This is some kind of what you call a grant, grant money.*

MAJEED: For the facilitators?

HAERUMAN: *The bank has two kinds of funds, loans and grants. So the grant—I am the one who is going to send the grant, not to the government, but we have to know who are working with us. This is what we call the independent facilitators.*

MAJEED: There was also a group which was called the National Management Team of Consultants, the NMC. And earlier I think BAPPENAS was contracting with them or had their contracts and it later moved to the PMD. I was wondering what the role of that particular group was?

HAERUMAN: *This is the expert group actually between the government. I think the guy is still around here actually. So the group of experts, what we call the national expert group, the bank people, the government, the university, it is put together in one box. Try to develop advising, monitoring, reviewing and then suggest something to the government for improvement. So this is our regular activities. This becomes very important part because they can say what they find. In the government you always say the good things—always-- to the government. I don't need that reporting all good.*

MAJEED: You need to know the problems.

HAERUMAN: *This group was hired for that for BAPPENAS. So I was at the time Deputy [of] BAPPENAS for regional development.*

MAJEED: What were some of your—after KDP was created and was up and running, what were some of your own responsibilities as related to the KDP on a day-to-day basis?

HAERUMAN: *Well, I have to monitor them, meeting on time but as the boss I don't have to go down to—but this is very exciting. When there is some problem, for example the money is not coming. What happened? Then I have to go down there and it is very interesting because I can solve the problem in one hour in the airport and the problem has been there for two months. But I say this is not a good system. But I found that. So this expert and the facilitator is very important to change the image that only one person can make a decision like me. You cannot do that, it*

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has to be a system that is developed. Transparency, good government, something like that. It is exciting to help.

MAJEED: But you have to do it.

HAERUMAN: _We have to do it well._

MAJEED: Because you gave this example just now, what were some of the early problems or challenges that arose when the program was rolled out? Can you give me some examples? You gave me one right now.

HAERUMAN: _This program has to be accepted by the people right?_

MAJEED: Yes.

HAERUMAN: _So we had to develop socialization, explain to the people. We'd go around first. But at that moment some people they'll support, some people is not. The task to the government is very important. At that time the people is not really 100% trust to the government._

MAJEED: Yes.

HAERUMAN: _This is the reason why BAPPENAS takes over. BAPPENAS is independent of government. It doesn't have any project—what you'd call interests. It doesn't have anybody there in the field._

MAJEED: Right, because it is central.

HAERUMAN: _It is central, it is independent. That is what I'd call a breakthrough but as you mentioned this is against the formal system. The formal is BAPPENAS and the ministry, the ministry, all ministers. They go down there and that is a long way to go to the rural area. So we tried to bypass it going down. That is the initiation of what we call autonomy government. The local government can do whatever they want but with guidance from BAPPENAS._

             So this is the time in BAPPENAS you're going down to the field explaining, try to assist solving problems. For example, with the bank, we use Bank Rakyat Indonesia to deliver the money. Then the Ministry of Finance Treasurer, this too, they have to work together. So the funds are going to the bank. The people have to work with the bank, not with the treasurer, but the treasurer has to link with the bank in terms of transferring the funds to the local bank, at the kacamatan.

MAJEED: At the kacamatan. At the central level when you were developing the program did you give any thought to the groups that would resist or did you experience resistance from any other ministries or groups that didn't agree with the program, didn't want it to be ruled out?

HAERUMAN: _Yes, I think there were a lot. For example, we had several groups, very strong in the rural area. When we go into the area, they feel they are threatened so they are against it._

MAJEED: What kinds of groups?

HAERUMAN: _The local community, what you call a group—landowners?_

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MAJEED: Landlords?

HAERUMAN: *Yes, landlords. Another one is the debt collector.*

MAJEED: The debt collector?

HAERUMAN: *They're somebody who gives money to the rural area, for borrowing money but higher rate of interest. Now the money going down like this is against them, so have two, landlord and you call a loan shark or something like that.*

MAJEED: Yes.

HAERUMAN: *Those are the—it is not in all villages, it is in some villages there is something like that. So we look at this. Maybe this is against their business in the village.*

MAJEED: How did you or the program design manage these vested interests?

HAERUMAN: *Actually they are illegal so we just worked together with kabupatan for example, how to protect the people, how to protect the project we called it. So we are guarding this all the way to the rural area. For example, building these infrastructures. Usually people ask the loan shark to develop the activities but most of the time what do you call it, they have harvest for example, but the harvest is no longer for them, it is already owned by the loan shark. So they have no access to the result of the harvest. So we protect them by providing some facility so they can put the harvest there. We put the money into there too, to give them options. The money—the government said this is not a loan shark, this is development money. But to explain to them—I mentioned to you about the trust. These are not—. People also think is this sustainable or not. That question, we have to answer that.*

MAJEED: How did you manage that or how did the facilitators manage that? Because also at that time the country was coming out of a different kind of political system, and it was top down and very centralized.

HAERUMAN: *Right.*

MAJEED: Villages, I assume communities were not used to making decisions. So how did the program help in that area?

HAERUMAN: *Let's look at this first. In the beginning BAPPENAS said okay, I have to develop planning capabilities in kabupaten and profits. So that is the time when they can make their planning with BAPPENAS. So BAPPENAS is a planning agency to facilitate them, to build capacity, to make a plan.*

MAJEED: This is now the Musrenbangs?

HAERUMAN: *Yes. So the planning agency is local, and BAPPENAS, is public, structurally, functionally connected, not structurally, functionally. This is the initial way, how to make this local government have power. Then we plan this BAPPENAS. We sent them to the U.S. (United States), we sent them to Belgium to Japan, to study. So right now if you go to the local agency, after almost 25 years, now there are a lot of people who have been educated well. So now you can say, "I can trust them." Are you going? You and me, we come from that same school, so why not. So*

this is the initiation of what you ask about how we can manage—you know—decentralization. No the decentralization of the power, political, but the decentralization of the capacity.

MAJEED: So you're saying that this capacity among people already existed when KDP came about?

HAERUMAN: _Yes, we started IDT._

MAJEED: Yes.

HAERUMAN: _So there was already BAPPENAS. So we said okay, we have BAPPENAS, we meet them, we have a new problem, program, because we are talking about management of the project. This is management of the linkage. This is more important, linkage management. Usually it is not there because it goes sectoral. But if you not go sectoral, you have to work together. What you call probably communication between all the sectors. We have to facilitate them. Who facilitates this? Who has all this communication? The facilitators. They are the people who have to have good action._

MAJEED: In terms of the integration aspect, how did you work with—or how did the program work with the line ministries or did it at all because a lot of the projects ended up being infrastructure projects. So the Ministry of Public Works or for schools, health, education—.

HAERUMAN: _This is something very peculiar because the central government has what we call classification. For example rural roads. That is not in the government financial scheme. That class of road is only for kabupaten, not kecamatan. But village infrastructures can be that kind of road, not under the books of the public works. So they can build this rural road. It is not standardized in terms of national standards. So then with that then an official comes out with this. They need this road. They need something like that, not like that. The money is not enough for these people. You need money for the national road system but for a rural area no. But then they have to participate. The rural area has to own the project. There was a lot of discussion with the bank. They say you build something there and everybody says, "That's not mine." So it is up to you, maintenance. Maintenance of that infrastructure is very expensive. So the best way is to try to get people to participate._

      Participation is needed to maintain the road. If the road is important for them, provides economic development, increasing productivity, then they can participate. This is—the theory—this theory is like that. They still work in BAPPENAS quite some time. But then in the rural area this has to be practiced. So how are you going to organize these people? For example in one area in my job we built a local road. There were a lot of mothers walking on the road carrying—they get the payment and the road is there. It is very peculiar because when they say, "This is my road" everybody who passes on has to pay. This is not allowed.

MAJEED: Right. Yes.

HAERUMAN: _This is not allowed. They start thinking that this is their road. I think it is good. They are not allowed to do that but this appreciation of what they have is important._

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MAJEED: Related to what you just said in terms of infrastructure which is usually at the district level through the government, but then this project's villages could build their own roads.

HAERUMAN: Yes.

MAJEED: Was that also one of the intentions behind the program because there are roads at the district level but then not at the villages so perhaps the infrastructure could build more connectivity between villages?

HAERUMAN: Yes, in theory. They have the national road system connected to the provincial road system and then regional road system, kabupaten land. Stay there, stop there. But how do these people access to the road? They're carrying their bag of rice into the road, which is 5 km away. There is no road for this. So for this rural infrastructure they can make a choice. They can build this one so they can take a small cart with what you call the cow—to the side of the road. Then you can use the modern transportation to take you to the market.

This linkage again is one of the important things to develop. Their competitiveness in the market it important. So reducing the cost of transportation of their produce. Otherwise people will go to the village, buy them at the low price and then take all the profit. This is the rural infrastructure design.

MAJEED: Great. Why was the program at BAPPENAS early on, starting out?

HAERUMAN: You know when we are talking about initiations on integrated system there is only BAPPENAS. The government has already established this big—we'll call it a wall between. So when you want to have a faster one, then BAPPENAS. And all the institutions outside always say BAPPENAS has to offer this. Like the bank. I will assist you but BAPPENAS takes over, something like that. But I think it is a good way because BAPPENAS doesn't have any interest in sectoral. They can make anything that go what they need in the village. So it seemed to me at that moment [Indecipherable 00:38:17 BAPPENAS] also wider stakeholders, not just one sector, agriculture or public works but multi-stakeholders are there.

So this is the first organization, BAPPENAS, that invites NGOs to discuss this in BAPPENAS office. At that time I was inviting 500 of them in BAPPENAS. Everybody said this is a strange thing, the government invited us; we had never been invited. We are always outside of the development. Why? Because they are small and the department is big. Communication is difficult. But if you invite 500 that's big.

So we invited 500 people, 500 organizations. They're already—they had capacity to say how we are going to manage this business. Five hundred. The problem is when you make a decision, everybody did this. It seemed very difficult to have an agreement like that. Everybody has their own mind. So we said okay, can we go down to the area? In this area, who is going to lead in the area? Someone is already there. They are going to become one of the major institutions in terms of the NGO, the community organization.

If you look at the Lombok area for example, there is a group of people who do this, IDT, before the government. I don't think I know that before I invite everybody into the meeting. This is what we do. That's good. Who is supporting

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you? Oxfam. Oh, okay. So a lot of this, what you call the NGO outside who are interested in helping people, small, but they are linked with the local NGO in the area and they developed this. For example developing terracing agriculture or providing water in the rural area. For the government it is too small. So nobody takes care of it.

MAJEED: In terms of—so after BAPPENAS the program moved to the PMD within the Ministry of Home Affairs. You were still in BAPPENAS then?

HAERUMAN: *Yes I was.*

MAJEED: Can you tell me a little bit about the transition?

HAERUMAN: *In BAPPENAS, like regional office, worked together very closely with Dalam Negeri, interior minister, with director-general of development, regional development also. They worked together. It was very interesting. They will protect the projects from the local elite. BAPPENAS cannot do that because Dalam Negeri can protect this from the bhupati all this. So we worked together and monitor together [Indecipherable in the field].*

                    But again it depends on who is leading. At that time I have a friend, we have the same thing, the same ideas. So it can go that directly. When they change the director general, I was still in BAPPENAS. I got problem because when I go down there I can go by any means of transportation, no foreriders. But these elite, they go down, there are two motorcycles. So people know. They said, people know that we are coming. No, I don't like the idea. That is what were the habits of the local government—not local government, the elite bureaucrat. In the Ministry of Dalam Negeri but this my friend did that to that. So it is—right now in the ministry of empowerment, there are some people also are the same in the early days. The director-general of PMD, [Indecipherable 00:43:13]. This guy I know is trained by this KDP system, they're still there. Maybe you'll meet him.

                    He will tell you the problems we were in the beginning.

MAJEED: That would be very interesting. I also wanted to understand the rationale, the reason why KDP was moved to PMD.

HAERUMAN: *This is about financing. So PMD is more open of the financing system.*

MAJEED: How is that?

HAERUMAN: *PNPM is not directly by a financial bureaucracy. Remember when I said BAPPENAS goes down there without thinking about formal. To have somebody who can continue this. Then we developed PNPM to assist people directly with small credit, whatever that means. So it seemed to me that BAPPENAS' role is finished. Maybe we transfer to this group but the system is still working. But PNPM is broader than KDP but KDP can benefit from that, by PNPM.*

MAJEED: When the program moved to PMD and to the Ministry of Home Affairs, what was then the management or some of the relationship between ministries? What was BAPPENAS' role then? How did it work with MOHA and then how did the World Bank—? What were some of the relationships?

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HAERUMAN: This is what you call tradition relationship between BAPPENAS, the general development and MOHA. The Ministry of Home Affairs is director-general of PMD, one of the DGs, not all. This is together the group is always working together and developed a committee and the World Bank is going here and there to try to provide support. So this is what we call the scheme.

PMD, we did not implement without BAPPENAS planning intervention. So BAPPENAS always make the plan together. Not just BAPPENAS alone. That implementation by the MOHA utilizing all the government at the local level because BAPPENAS doesn't have any access to that. But access to BAPEDA, not access to the leader of the kabupaten. The leader of *[Indecipherable the kabupaten?]* governor or party, more to the—what the names are. So for the planning BAPPENAS provided what you call planning assistance to this with the local BAPPENAS. That was the regional development planning.

So we had this, not just from the center but also from the lower one. Did BAPPENAS exist in the lower government? No, but BAPEDA yes. That is the functional relationship with BAPPENAS.

MAJEED: Thank you so much for that. I have a few more questions Haeruman, but it depends on your time.

HAERUMAN: Okay, I still have some time.

MAJEED: One of the questions with developing and then implementing a program of the scale of KDP which started out as a—in some provinces but then became a national level program.

HAERUMAN: Yes.

MAJEED: How did you—was capacity ever a problem? Did you have to—even the vast number of facilitators that had to be hired. What steps did you take or others take to fill those gaps?

HAERUMAN: Most of the time you know when we are trying to develop community participation in the local government, we can still have some problems of communication between people and the government.

MAJEED: Yes.

HAERUMAN: So this is now the problem of capacity—improve capacity of the government, how to think, how to behave in the new scheme. Also for the community, to behave in the new scheme. Because otherwise it is not going to work. If you say government will provide this thing or the local community. This is the reason why we need facilitators.

So facilitators are important for what inputs to develop the system, working at the local. I think right now people say the government—it is not supposed to be the governance but the facilitators. I said, that's a long way to go. Somebody said that, why don't you become a facilitator, not the governing body.

Well, okay, we'll put them in between, what they call an independent facilitator. But to provide information and learning while doing it together in the system. So communication system is one of the issues, how to make this communication

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work in the village, in the local government. It is not the central government, the local government communication, but the sector in the local government and communication between people and their government.

The money is from the government but that is not government money, it is people's money.

MAJEED: Yes.

HAERUMAN: *Right? They have to have the power to do that. But they said to the governor, you are not supposed to do that if you are not a legal form. Why legal form? This is the auditing system. You have to be audited. The money is going to the rural area but they have to know what is going on with this. Who is auditing? Themselves. We had what we call Desa Development Council. Village Development Council. Those are the ones who are supposed to supervise. It is at the desa level.*

MAJEED: One of the—in terms of checks and balances in the system. A lot of money is involved, it is a large amount of money that will go down. So there is always a great of corruption, of red tape and so on. I was wondering, thinking about the program and how it is actually implemented, what were some of the checks and balances you put in place or thought about them and how did it actually work out?

HAERUMAN: *Well, we are using this, what we call the facilitators, not just for facilitating activity but also to try to monitor the money. So the money has to go to the people in an open way, transparent. So with transparency and monitoring, we think corruption will be reduced to minimum. We cannot take it out all the way. The minimum—we are not overpricing the thing. That is one of the ideas. Then corruption is also the flow of money. If the money—three months, the money stays in one institution, that's corruption. So we say ok this has to go fast. Otherwise the money will go around; that's corruption.*

So we make the effort to quickly send the money down there and monitor its level. Then what we call it responsible people who are responsible to the money. It is also important to see this—what I mentioned about the legal system, rural community, it is one of this, accountability. Accountability if we are using the western word, it is very difficult. But in the village we have some kind of accountability. This is everybody knows. Everybody says I know it, that is accountability also. Not just in terms of paper work. It is different. The community here is different with the community in the US for example. So we have to work within that framework.

If everybody knows how much money is there, so we put that money in the board, something like this. We say this money is going to be used for this kilometer of road here and the road costs this. Everybody looks at this, oh, this road costs this much. Who is working on that? This group. So with this—there is nobody like that because usually it is a secret of the company. For this, for the KDP, it's open. It reduces the potential corruption because people understand what this money is for what and where. That is the initiation of transparency in action.

MAJEED: Very interesting. There was also the microfinance component of the program.

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HAERUMAN: *Yes.*

MAJEED: From different interviews I've heard that it didn't work well but it was important in the beginning. I wanted to get your assessment.

HAERUMAN: *Microfinance sometimes makes it—we have what we call the institution that provided guarantee with this microfinance. It is not just microfinance but this institution for guaranteeing it working. Hopefully with this system it worked.*

MAJEED: Yes.

HAERUMAN: *To me the system is very good. Working or not working it is not just by accident but also by the system. So people said it is not working maybe because the information is not open. So I cannot say it is not working. Not because I am in government at the time but because the setting is already put into the system. The guarantee that it is working. We have an institution. Pinjamin Desa we call it. Pinjamin is loan, guarantee for the rural. So we had to have that group monitoring this pinjamin. So maybe as I mentioned to you the tradition of this microfinance is not there yet at that moment.*

    So like Papua, the local leader said I have the money, this is mine, not yours. So they can use the money as the rural leaders, the [Indecipherable 00:56:10]. Not for them to perform, for the people together. So this is happening in Papua for example. But outside of the area we don't have what we call the local leader that is like that. The local leader is rural chief for example. So some works, some not, like that, it depends on where you are going to implement it, the traditional way of doing things in the area.

MAJEED: In terms of the program itself you mentioned just now that it worked some places—some things worked well in some plaes, not in others. I wanted to know what kind of variations were you seeing across different areas in the country because it was a national level program.

HAERUMAN: *That's national level yes, but it was implemented in the local level.*
    That's a good point.

HAERUMAN: *So when you're saying that capacity to implement the system in the local area is varied. I mentioned to you the most important [Indecipherable 00:57:26] is Java which was very good because they know already how to do that. But in the outer islands like Papua it is not the custom there. So you had to train them. Not just training in terms of skills but the philosophy of this. What is this program? So to do that you need a long time. In the beginning maybe it fails but in the future hopefully with this training mechanism they can understand.*

MAJEED: Yes.

HAERUMAN: *In Java no problem.*

MAJEED: So this was—there was KDP 1 and then there was KDP 2 and so on. You were still at BAPPENAS around then?

HAERUMAN: *Yes, I think I was still there.*

MAJEED: So I was wondering what changes did the program have to make, if any, from one phase to the next?

HAERUMAN: *Mostly it was just the funding. First KDP is funded from this—then KDP—but this emphasized the expansion of the KDP. For example, using this micro credit system. It is put in there and then we are trying to develop this empowerment at that time. We tried to make the programs sustainable. It is not just depend on the institution like BAPPENAS. So we start for example with the MOHA already there. Right now—it is not in MOHA but it is in the ministry of, what you call, welfare.*

MAJEED: Coordinating welfare.

HAERUMAN: *If you're asking why coordinating [Indecipherable] means something like that, that's politics.*

MAJEED: In conclusion, how well did you think the program worked, KDP?

HAERUMAN: *To me KDP is the initiation. So what we call rural development, community participation, empowerment of the local government, that is the initiation of the action, not just what we call philosophy; this is action, this is reality. Not just political promise. So when the autonomy comes it is already there, this system working. All the politicians just pick it up and then continue. If you ask the local government they say ok yes. Now after they start in the central government they put it in the local budget system but the system is still there, but the budget now comes from the [Indecipherable 01:00:13], local budget system.*

                 Some of the local government like kabupatan have a budget, only 10% coming from their own and 90% comes from the central government as a grant. So that is—I have a lot of money, how can I perform something. They just take that one, finance that. Find somebody's 1 billion Rupiah. That system is already there. Okay, one billion. But this is what is surprising because 1 billion the community in the village is not ready for that billion. It is too big-- too large. Because the KDP is with a small project, something like that. Now suddenly it is expanded in terms of number of funding and they start trying to find contractors from the city. You see they transfer the money back to the city again.

MAJEED: I see. Thank you so much. Is there anything else that I've missed you would like to add or any advice you would like to give to others in other countries who would want to implement something similar?

HAERUMAN: *We tried to do this. I was in [Indecipherable 01:01:33 Khmer]. We tried to work with them. They called it Rural Urban Development Program. Those are KDP, RUDP, Rural Urban Development Program with people in Myanmar. I was there together with some expert from the bank, tried to initiate this because those people would like to learn the mistakes. I think good, learn the mistakes, not the successful one. So the Myanmar is one of those—I was there, looking at the [Khmer, Cambodia Indecipherable 01:02:20].*

MAJEED: You said learn from the mistakes. What were some of the mistakes or what are some of the things you could have done differently and you advised others?

HAERUMAN: *The mistake is for example when we are over confident that we can do this standing from the central. In the beginning we just go directly. We think that*

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people do not know. So [Indecipherable 01:02:50] and suddenly when we go down there we get failure. It failed because people do not understand. We think they know. Yes, they know in some places but not in every place. So we learned from that that we have to design things differently from different areas. Different areas, different people. It is not just roads. Some people say no, roads, I don't need roads. Okay, can you do that? Can you deliver money if they are not going to build a road. At that point, no. You are not going to get the money if you are not building road. But they said, "I need water, can you do that?"

When you call infrastructure, it is not roads. But when everybody said infrastructure in the public version they said road.

MAJEED: But it is an open menu so they could—.

HAERUMAN: *Yes, that's it. It's supposed to be an open menu developed by them. In the central at that time we don't have that open menu. We have the bank going down there, studying things in the field and they come up with the common menu only. Why? It's simple. It's simple to manage. When you go down you need to know a different variety and that is more difficult for central government.*

MAJEED: Yes.

HAERUMAN: *So I at that time said well, I think we learn that we cannot generalize everything. How you face the different characters of the elements when you try development. That is one of the mistakes at the time. So then we called the facilitators in to remedy that. Before there are no facilitators.*

MAJEED: In the beginning?

HAERUMAN: *In the beginning, KDP, as you mentioned, it is already there in some of the areas. Then we lift it up. Okay, we just lift it up and go directly. It is good in that area, it would be good everywhere.*

MAJEED: Because there was a small pilot.

HAERUMAN: *Okay, that's a mistake.*

MAJEED: Anything else?

HAERUMAN: *I think that's enough.*

MAJEED: Thank you.

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