

Democracy, participation and empowerment:

**Poverty alleviation programs in Sleman,
Yogyakarta, Indonesia**

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Abstract

Keywords: poverty; micro credit; good governance; international social work; Indonesia.

Indonesia has experienced a shift from authoritarianism to democracy since the late 1990s. After the severe economic crisis of 1997, which ultimately forced Soeharto to relinquish power, Indonesia embarked on a more liberal and participatory form of democracy. To overcome the economic and social crisis that caused many to fall into poverty, the new government administration launched a number of poverty alleviation programs. This dissertation explores one such effort, namely, the *Program Penanggulangan Kemiskinan di Perkotaan (P2KP)*, an extensive scheme that utilized democratic, participatory, and empowerment approaches to help the poor deal with unemployment and other problems of poverty.

Using qualitative methodology, this study has explored and examined the process and outcomes of poverty alleviation programs in several villages in the southern parts of Sleman District, Yogyakarta Special Province, Indonesia, from February-May 2006. The thesis begins with a review of the literature on the factors leading to poverty, development and participation, globalization and its negative impacts, and various strategies for ending the problems of poverty, such as multiple occupations, empowerment, and human capital improvement.

Findings were based on interviews, observation, and reviews of written documents concerning the *P2KP* poverty alleviation programs. Over 30 individuals were interviewed, ranging from government officials to facilitators and organizers of the programs, non-government activists, and the poor who benefitted or were excluded from the programs. The process of the establishment of community-based organizations, the *Badan Keswadayaan Masyarakat (BKM)* or Community Self-Reliance Body, in several villages was democratic and participatory. The programs of poverty alleviation in three areas of development, economic, social, and environment/infrastructure, drew popular support and participation, strengthened people's financial and social capitals, protected environments and improved public infrastructures that enabled the poor and other community members to improve their standard of living. The participation of the grassroots population and other segments of society greatly contributed to the success of the programs. The freedom of the poor to choose what programs are best suited to their own needs and local conditions was empowered and motivated them to support the sustainability of the programs.

Résumé

Mots clefs : pauvreté, micro-crédit, bonne gouvernance, travail social international, Indonésie

L'Indonésie a subi un décalage de l'autoritarisme à la démocratie depuis la fin des années 90. Après la crise économique sévère de 1997, ce qui a enfin poussé Soeharto de renoncer au pouvoir, l'Indonésie s'est embarquée dans une forme de démocratie plus libérale et participative. Pour surmonter la crise économique et sociale qui a jeté plusieurs dans la pauvreté, la nouvelle administration gouvernementale a lancé nombre de programmes destinés à atténuer la pauvreté. Cette dissertation vise à explorer un de ces efforts, c'est-à-dire, le *Program Penanggulangan Kemiskinan di Perkotaan (P2KP)*, un vaste projet qui a employé des approches démocratiques, participatives et autonomisantes pour aider les démunis à affronter la chômage et d'autres problèmes liés à la pauvreté.

En employant une méthodologie qualitative, cette étude a enquêté et examiné le processus et les résultats des programmes d'atténuation de la pauvreté dans plusieurs villages du secteur sud du district de Sleman, province spéciale de Yogyakarta, Indonésie, en février-mai 2006. La dissertation commence avec une revue de la littérature sur les facteurs qui mènent à la pauvreté, le développement et la participation, la mondialisation et ses impacts négatifs, et les stratégies multiples pour mettre fin aux problèmes de la pauvreté, tels que des emplois multiples, l'autonomisation et l'amélioration de capital humain.

Les résultats sont fondés sur des entrevues, l'observation et la documentation écrite par égard aux programmes d'atténuation de pauvreté P2KP. Plus de 30 personnes ont été interviewés depuis les responsables gouvernementaux aux animateurs et organisateurs des programmes, les activistes non-gouvernementaux et les pauvres eux-mêmes qui ont bénéficié ou qui se sont trouvés exclus des programmes. Le processus de l'établissement des organisations communautaires *Badan Keswadayaan Masyarakat (BKM)*, ou Organisme d'Autonomie Communautaire, dans plusieurs villages a été démocratique et participatif. Les programmes d'atténuation de la pauvreté dans trois aires de développement -- économique, sociale, environnemental/infrastructural — ont attiré l'appui du peuple, ont renforcé les capitaux financières et humaines, ont protégé les environnements et ont amélioré les infrastructures qui permettaient aux pauvres et d'autres membres de la communauté à améliorer leur niveau de vie. La participation de la population de base et d'autres segments de la société a largement contribué au succès de ces programmes. La liberté des pauvres de choisir les programmes qui répondaient le mieux à leurs besoins et aux conditions locales était autonomisant et leur ont motivés à appuyer ces programmes de façon continue.

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Dedication

This dissertation is dedicated to my family--my wife, Nunung Nuraeni, my sons Nur Fikri Khuluq (6), Nur Muzaky Khuluq (3), and Nur Husni Khuluq (1), my parents H.M. Suwanan and Hj. Zumaroh, my parents-in-law Ahmad Jaelani and Rotisah, and my brothers and sisters Afifuddin, Badrus Sholeh, Nur Izzati, Imam Muharror, Leny Iffah, M. Arif As'adi, Ahmad Fawaiq, and Izun Nahdiyyah, as well as my sisters- and brothers-in-law Teh Ai, Popon and Asep.

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The project as a whole is dedicated to alleviating poverty around the world, whether conducted by government workers, NGOs, private individuals or even low-income families themselves.

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Democracy, participation and empowerment: Poverty alleviation programs in Sleman, Yogyakarta, Indonesia

Chapter One: Introduction

“In fact, with an economic contraction of 15 per cent in output in 1998, Indonesia experienced the most severe economic collapse recorded for any country in a single year since the Great Depression of the 1930s (Sharma, 2003, p. 123).”

“The majority of the world’s poor are rural, and will remain so for several decades. Poverty reduction programmes must therefore be focused on rural people if they are to succeed (IFAD, 2001, p.15).”

1.1. Introduction

To introduce this thesis as a whole, this chapter explores the background of the implementation of poverty alleviation programs in rural Indonesia. These programs were triggered by the economic crisis that hit Indonesia in mid-1998. As many people became jobless and fell into poverty, the government attempted to rescue them via poverty alleviation programs. However, mismanagement and corruption halted the fruit of the programs, which were designed to reduce the number of people in poverty. As the design and implementation of many of the programs were centralized, those at the grass-roots level had limited opportunity

to involve themselves in the decision-making process, the implementation and the evaluation of the programs. Therefore, the government, under the tutelage of the World Bank, launched a series of new participatory poverty alleviation programs, called the *Program Penanggulangan Kemiskinan di Perkotaan* (Poverty Alleviation Program in Townships). The funds for these programs were directly channeled to organizations for poverty alleviation at the local level in order to minimize corruption. The representatives of local villages participated in the process of designing, implementing, and evaluating the programs. The funds were then in the hands of local organizations specifically set up to run the programs. Transparency and accountability of the programs became apparent at least in theory and are now a central part of the organizations.

This dissertation examines the process and outcomes of the *Program Penanggulangan Kemiskinan di Perkotaan*, while drawing upon a case study from the Sleman district (Yogyakarta Special Province, south-central Java), Indonesia.

1.2. Dissertation Structure and Overview

This dissertation is composed of seven chapters. Chapter one describes the background of the study. It highlights the problems of poverty in Indonesia especially in rural areas. This chapter also reveals the shift of political conditions in Indonesia from an authoritarian style of leadership to democracy, which makes the participatory poverty alleviation programs possible. With the rise of participation and involvement of people in the development process, the participatory approach of the poverty alleviation programs was achievable. This

chapter reveals my position as a researcher and the location of the study, as well as, the significance and objective of the research. Chapter two presents a detailed review of the literature and conceptual framework on poverty. Chapter three reveals the methodology of the research. Then, chapter four describes the context of the research. The findings of the dissertation are described in chapters five and six. The final chapter, chapter seven, discusses the conclusion of the research.

1.3. Underlying Problems

After the collapse of the economies of Thailand and South Korea, the Southeast Asian economic crisis devastated Indonesia in 1997/1998, triggering political and social crises (World Bank, 1998). Hundreds of factories and numerous banks went bankrupt and resulted in hundreds of thousands of people losing their permanent jobs. The deep economic crisis also heightened political tensions. The long authoritarian rule of President Soeharto faced waves of opposition and demonstrations led by those negatively affected: Soeharto had no choice but to resign.

The sharp decrease in the value of the Indonesian currency dramatically increased the prices of basic commodities. Many people suffered from malnutrition and hunger. Riots broke out in numerous places. The poor expressed their anger and hunger by looting supermarkets and shops and plundering the wealth of the rich. Unemployment skyrocketed, particularly in the cities. The unemployed were forced to return to their original villages while trying to live on

a more modest livelihood (Dijk, 2001; Sharma, 2003). To ease the burden of the newly unemployed, the new government led first by President Habibie after the fall of Soeharto and then by subsequent presidents, such as Abdurrahman Wahid and Megawati Soekarnoputri, launched a participatory poverty alleviation program in 1999 under the guidance of its financial sponsor, the World Bank: *Proyek Penanggulangan Kemiskinan di Perkotaan (P2KP)*. The plan was to oversee the poor villages as they received financial support to tackle the problems of poverty following the financial and political crises. The purpose of this dissertation is to explore the processes and the outcomes of this ‘newly’ launched poverty alleviation program in the villages following the severe financial crisis that hit Indonesia in mid-1998.

The poverty alleviation programs were introduced in response to political turmoil and economic crisis. The program, supported by P2KP, claims to utilize a participatory approach. The participatory nature of the programs is to meet the demand for more say and choice for the populace to decide what is the best for them. By using a grass-roots approach, the programs involve local people in the process of designing, implementing, and evaluating the programs. In theory, this means that the poor who usually were the object of development are now the subjects of their own poverty alleviation programs.

By participating, it is argued that the poor can improve their capacities to mobilize community members (Midgley, 1986). Participation reduces individual alienation, and it discourages the fragmentation of the self (Reason, 1994). It encourages the people to take part in the process and be responsible towards

others. Participation urges people to contribute what they have and allows them to be able to participate in the process of development. Participation encourages people to work together, to solve common problems, to share their fears, hopes, and desires for their community. Through participation, people communicate what they want, are introduced to each other, and can care about and help one another (Reason, 1994). Participation, according to Reason, involves people in the process of decision-making (Reason, 1994). As the grass-roots level is involved in decision-making, the programs parallel the needs of the local people and the conditions of the local nature and culture. Thus, it is argued that this new approach towards poverty alleviation is able to overcome the failures of such previous programs.

1.4. Poverty in Rural Java

Poverty is often defined as being either absolute or relative. Absolute poverty refers to the inability to provide sufficient food and other basic necessities for household members. Relative poverty, on the other hand, is a perceived lack of material resources compared to one's neighbours or to average people in the country. Related to this, poverty includes the "lack of security, lack of freedom, lack of protection and participation (Pronk 1993, p. 258)."

In Java, poverty is a common phenomenon. The problems are worse in rural areas because the government neglected the development of agriculture and infrastructure (Ikhsan, 1999; Strauss et al., 2004). The late Clifford Geertz coined the term that poverty in Javanese society is "shared poverty." It refers to the

condition where the not-so-rich elite have to share some of their wealth and properties with their poor relatives and neighbours in a community. The rich share some of their estates with the poor to produce crops so that the community is more likely to be in harmony (*rukun*). The landlords maintain “a comparatively high degree of social and economic homogeneity by dividing the economic pie into a steadily increasing number of minute pieces” for the poor (Geertz, 1963:97). In rural Java, there was no super rich, only those who had “just enough” and those with “not-quite enough.” This kind of altruism was reflected in the aim of *rukun* decreases over time. The increase of commercialization and consumerism leads the rich to spend much of their wealth. With the increasing accumulation of wealth in the hands of few, poverty remains widespread in Javanese communities. Thus, the gap between the rich and the poor widens.

The pro-growth policy of the ‘New Order’ government benefited the rich and neglected the poor. The expected ‘trickle down’ effect of accumulated economic prosperity failed to take place. The policy was based on the false assumption that successful development depended on the experience and perseverance of the rich, who were perceived as ‘the vigorous, energetic, advanced elements in Indonesian rural society’ (Boeke, 1961). It is argued that this ‘betting on the strong policy’ (Wertheim, 1964) failed to distribute the benefits of economic growth to the masses. Instead of general prosperity, the policy resulted in the deepening of the gap between the rich and the poor: “The rich grow richer and the poor become poorer” (Wertheim, 1964). It is against this backdrop that this dissertation is situated.

1.5. Democratization in Indonesia

The end of the Soeharto's authoritarian regime marked the beginning of a genuine 'liberal,' participatory democracy in Indonesia. Under pressure from the people, President Habibie, the former vice-president who automatically replaced Soeharto, agreed to hold 'fair' public elections. Euphoria for democracy became an opportunity to fill the vacuum of power left by the diminishing power of the previous regime. The media and people at large grasped the opportunity to exercise their right to free expression, which had been long denied under the Soeharto regime. In the wake of democracy, new political parties were established (Forrester, 1999).

In September 1998, four and a half months after the fall of Soeharto, Indonesia still had the opportunity to develop a more open democratic society. At the time, the country was recovering from drought and agricultural activities were emerging, particularly outside Java, where commodities for local consumption were displaced by exporting agricultural products. It was hoped that the free and fair elections promised for the first half of 1999 could become the basis for a genuine representative government. By committing to follow the guidelines of a complete reform agenda, the new Indonesian government hoped to renew economic and political life by reviving climates that had been clouded by economic and political storms since July 1997 (Forrester, 1999).

However, the current government made the same mistakes as the previous regimes. The centralization of power diminished people's initiative and creativity in developing their communities. The already passive society under the tutelage of

the previous governments continued to produce and actually increased passivity, furthering a culture of pessimism. Furthermore, the highly divided Indonesian society could choose the path of violence and terror, rather than the ballot box, to advance their group and primordial interests (Forrester, 1999, p.2).

Indonesia experienced massive impoverishment, especially in Java.

Hendro Sangkoyo outlines the enormous loss of farmland in Java to industrialization:

In Java alone, within the span of 25 years from 1970, 40,000 hectares of *sawah* [wet rice field] and *ladang* [dry agricultural] land *per year* changed hands and changes use....Such massive transfers surpassed the total land distributed in Indonesia in the 1960s, which amounted to 938,901 hectares....The process of land transfer in the 1970s was mostly violent. (p. 172)

The reformation and democratization periods of Indonesia were guided by a new style of leadership that departed from the elitist, hierarchical, and authoritarian types represented by Soeharto's leadership to a more egalitarian, direct, democratic, and participatory type of Habibie leadership. Dewi Fortuna Anwar vividly describes this change of style: "Soeharto is stereotypically Javanese in attitude and behaviour. He keeps his thoughts to himself, he has immense self-control and he holds himself aloof from those not closely related to him" (Dewi Fortuna Anwar, 1999, p.44).

While Soeharto is very traditional, having been brought up a Javanese *abangan* (nominal Muslim), Habibie, a half-Javanese and a devout Muslim, was brought up in South Sulawesi, a more spontaneous and extroverted environment. Habibie studied in Germany, which broadened his view to include Western ideas whereas Western values were alien concepts for Soeharto. These attitudes led to

different styles of leadership: Soeharto was authoritarian, while Habibie was more receptive to the pressure of people for a more liberal democracy. Furthermore, Soeharto's background in the military added to his style of leadership, which was more dictatorial.

On an interpersonal level, Habibie was at ease meeting and mingling with people such as farmers, fisherman, and students. Soeharto, in contrast, tried to distance himself from the crowds like a King from his servants to protect his dignity. Anwar (1999, p.44) recounts that "...on a number of occasions, Habibie has stated that he is not a king, but just an ordinary person who could be anyone's next door neighbor."

Soeharto's highest formal education was high school, so he did not have the confidence to discuss openly and directly with university students and scholars. Habibie earned a Ph.D degree in the West, and is much more open and confident to talk with anyone from any level of society. Habibie encourages his aides to take more initiative in solving the problems of the nation. Anwar states that contrary to previous condition when even the ministers were afraid to disagree with President Soeharto, Habibie welcomes debates and disagreement in the cabinet meetings (Dewi Fortuna Anwar, 1999). He is open to debates during official meetings and even accepts criticism without reacting severely. In contrast, Soeharto may accept criticism, but it is taken as a personal challenge to his authority. The people who criticize Soeharto may suffer public restrictions and may even be sent to jail.

The changes of political conditions from authoritarian to democracy influenced the possibility of a participatory process for poverty alleviation programs. Under new political liberation, people are able to freely express their opinions and interests. People are not afraid to now criticize the government. Therefore, under Indonesia's open political climate, new programs of poverty alleviation based on the initiative and participation of the people can possibly be implemented. These programs continued under the following presidents, Abdurrahman Wahid (1999-2002) and Megawati Soekarnoputri (2002-2004). The programs are also continuing and have become national programs under the presidency of Susilo Bambang Yudoyono (2004-2009). Unlike in many Western countries, the personal styles of presidents in Indonesia are greatly featured in the policies and leadership of the government.

1.6. Researcher's Account on Poverty

Having introduced the political and economic background against which the World Bank's *Program Penanggulangan Kemiskinan di Perkotaan* was introduced, I turn now to outline my own personal interest in the topic of poverty. My interest in village life stems naturally from my upbringing. I was born in a village situated on the north-east coast of Java. Access to this village was opened up after the Dutch Colonial Government built the famous Java's Post Great Road from Anyer in West Java to Panarukan in East Java along the north coast. The road is named after the Dutch governor, Herman Willem Daendels (1808-1811), who also built the road. Though my village is in a coastal area, not all villagers depend on the sea for a living. Nonetheless, activities and products from the sea

provide one of the main vehicles for economic development in my village.

Poverty was an everyday experience for the baby boomers of my generation; too many children and not enough food was the main reason. During my childhood in the 1970s, the number of children per family was high, which is an indication of the failure of family planning. It was common for a couple to have nine or ten children. Only after religious scholars promoted a new interpretation of scripture, emphasizing quality rather than quantity, have many families begun to limit themselves to two children, which is in line with the government campaign. The baby boom of the 1970s meant, however, that poverty was common among villagers, including myself. I often had to struggle with scarce food and other basic necessities along with my eight other siblings. My childhood was spent working in my parent's small shop while studying at a community-based religious school.

The question of poverty has always lingered in my mind. Brought up in a religious milieu and education, I was constantly curious to know how religious values and teachings could contribute in alleviating poverty instead of increasing poverty. During my undergraduate education in an Islamic institution, I was absorbed by the theological debate between the fatalistic and dynamic understandings of human attitudes. I believed at the time that the severe poverty among Muslims was a direct result of their fatalistic understanding of the Islamic worldview. Most of them believe that their fate, whether of wealth or poverty, has been predetermined by God. Nothing could be done to change it for God's decree is too powerful to be challenged. Then, a new theological understanding of human

freedom made me think differently. This understanding was derived from Qadariyah and Mu'tazilah theological discourses where human beings have the full freedom to change their conditions. God's role in directing the worldly course of human affairs has finished. As in the case of the fatalistic understanding, this dynamic understanding stems also from one of the Qur'an's verses which states that "God will not change (improve) the condition of a community unless they change what is in them" (the Qur'an, 8:53 and 13:11). However, this theology of liberation for the poor can hardly be applied in Indonesia since most Muslims embrace a more traditional, and also more fatalistic, Ash'ariah theological understanding. Since then I began to wonder how to apply a progressive understanding of Islam without referring to the theological school of the Mu'tazilah, which has not been fully accepted by many Indonesian Muslims.

Over the years, I have come to understand that poverty owes its existence to much more than fate. Other factors, cultural as well as structural, contribute to the existence of poverty. Colonization, discrimination, a lack of natural resources, a low level of education, and a large population can be listed among the causes of poverty. The government's neglect of the development of rural areas can also be one of the sources as well. As has been confirmed by Lipton's study (1977), urban bias, which is the concentration of development in urban areas, accounts in part for acute poverty in rural areas. In other words, negative structural factors such as lack of government support, neglect of educational development, and a poor economic infrastructure have also contributed strongly to the persistence of poverty.

A concern about the development of rural villages also led me to become involved in activities aimed at improving the living conditions of villagers who are caught in a cycle of poverty. As an undergraduate, I became involved in university student groups and off-campus organizations that were involved in solving the problem of poverty through integrated political, economical, religious, and cultural approaches. I was also assigned to conduct community services (*kuliah kerja nyata*) in a remote village for three months and to implement programs along with other students and community members that would bring about change for these rural communities. There, we examined the nature of the problems of poverty, designed solutions, and implemented programs on a daily basis. We lived in the house of the head of the village and participated in the programs that had routinely been implemented by the villagers. As my focus of service was on the social and cultural aspect, I gave talks, discussions, and religious sermons that touched on the issues of motivation to improve the education of the new and future generations, to work for a better future, and so on. I also encouraged elementary students to study diligently before class. Along with other students and community members, we improved the roads. With the youth, we became involved in their sports activities. With young mothers, we participated in efforts to improve the health and well-being of them and their babies as well as motivating them in family planning. One of the concerns of the people was how Islam perceived the family planning program imposed by the government. So, I often gave legitimate reasons for limiting the number of children based on the idea that Islam prefers quality rather than quantity with no

quality. A limited number of children would ensure that the parents could give quality care in terms of food, health, and education. In addition to this program, I also became involved in a number of activities conducted by on- and off-campus student organizations in improving the living conditions of the villagers through a village development program (*desa bina*).

My concern for village development goes even further. As a lecturer in my university, I often supervised students in conducting community services in the villages. There, I discussed, guided, and monitored the activities of the students in helping the village communities to solve their daily problems. The students had to be creative in generating funding to support their projects and, at the same time, participate with the community's interests and priorities so as to attract their involvement in the program. Often, students had a hard time persuading community members to participate because they perceived the programs were geared towards the student's project rather than their own needs. To solve this problem, the approach had to be changed to include the villagers as full participants in development, from start to finish. This means that everything from preliminary research of the problems faced by the villagers to designing and executing the programs had to involve the villagers. The participatory approach had to be applied in order to gain the confidence of community members. Importantly, their involvement would also guarantee the sustainability of the programs. The villagers would also learn how to tackle their own problems and to creatively design other programs that suited their future needs.

Although I was raised and still live in the village, and despite having experienced the development of the village, my current middle class status as a university lecturer could produce a power imbalance between myself and the villagers. As pointed out in the discussion in one my comprehensive exams, these villagers constitute the participants of my study. To reduce bias, I have to be able to step back and reflect on what I observe, how I listen to, and how I think about the lives of the poor in the village. With qualitative research tools such as writing reflective memos or journals, composing concept maps, and evaluating my belief system and presumptions, I can hopefully minimize the bias and prejudice that may impact my understanding and perception of the daily struggles of poor people. My 'progressive' understanding of religious teachings (such as my progressive rather than fatalistic interpretation of Islam) may also influence my perception of the community's affairs.

As a professor and researcher, I often reflected that the existence of poverty is related to various factors, such as structural and cultural. As well, political factors can easily be blamed for worsening the conditions of poverty. The corruption that diverted public money into the pockets of bureaucrats worsened the economic condition of the people in Indonesia. Many roads and bridges broke quickly which halted economic relationships and other activities. The favouritism towards certain loyalists and family members in gaining access to government projects not only marginalized many people but also decreased the quality of development projects. This collusion and nepotism implemented by the New Order government eliminated talented figures and business professionals

from participating in the development process. The New Order's preference for drawing support from big business and foreign investment often neglected the support of small and medium enterprises, which are the backbone of the poor and almost poor populations. For example, the local as well as central government preferred to facilitate corporate business in the form of building supermarkets and malls at the expense of public markets and small shops that are the source of income for the poor.

In addition, poverty cannot be separated from cultural factors. The poor tend to stay poor and produce generations of poor. The culture of poverty makes it difficult to escape poverty. The poor tend to have many children as a form of security for old age and for labour. This tendency has diminished recently as the people realized the burden of having many children in addition to the promotion of birth control by the government. Many of the poor lack the ability to invest and save in order to improve their economic welfare as their wages are sufficient for only one day. They have not had the discipline to save nor to plan for future economic activities that can generate more income. Unnecessary spending has often hindered the accumulation of wealth for the poor. For example, under the constant pressure of advertisements for cigarettes, which profit the government income as well, poor households may prefer to buy cigarettes than nutritious food for family members. In turn, their health worsens, which leads to a decline in their productivity. Poor health also may exhaust family income as the expense of healthcare, doctors and medicine are largely not covered by the health insurance of the poor. There is no universal health insurance in Indonesia.

This culture of poverty can be partially eliminated by introducing good education. Unfortunately, educational expenses are not cheap for the poor of Indonesia. The high price of education deterred the poor from educating their children in formal schools. In addition, they needed their children as labour to increase the family income. They also did not feel confident in the results of education since the poor quality of the schools did not provide the skills and other practical knowledge to find well-paid jobs or to create self-employment that can improve their income. The high inflation rate also contributed to diminishing people's desire to save money. However, investment in other business activities was also difficult as macro-economic development was not in favor of small- and medium-scale economic enterprises.

As I reflect further, I believe the key to ending poverty in Indonesia is to improve the quality of human resources through augmenting the quality of formal and informal education. The experiences of Japan and later South Korea, which have developed their economic performance and increased their level of income through the improvement of human resources amid limited natural resources, can be a good lesson for the Indonesian government and the people to develop high quality education. Also, they protected their local markets via import substitution and processing of raw materials. The case of Thailand which has improved its economy through agricultural activities can also inspire the Indonesian government to do the same. Indonesia is fortunate to possess rich natural resources in agriculture, fisheries, forestry, and mining, which require the right hands and brains to utilize the economic potentials of these rich natural resources.

By exploiting wisely, these resources will not be a curse but a blessing for the people. Sustainable development should guide the maintenance and exploitation of these resources.

1.7. Justification of the Research

Studies on poverty alleviation programs in rural areas have largely been neglected. Previous studies (Winarno, 1985; Hart, 1986; Marzali, 1992; Breman and Wiradi, 2002) on rural areas in Indonesia did not focus on the poor, but on the development of rural people in general. The brief review below highlights the importance of studying programs of poverty alleviation, particularly in rural areas because the poverty is much more severe and widespread than in the urban centers of Indonesia. The following studies show that the poor in rural Java suffered greatly due to the economic crisis, which added to their already poor condition. Breman and Wiradi (2002) conducted a series of studies in rural West Java (East Cirebon and North Subang) to discover the impact of the economic crisis that severely rocked Indonesia in 1998. In particular, migrant labourers were deeply affected because they lost their permanent jobs following the crisis. This longitudinal study of rural areas focused on the development of the rural economy and the impact of the economic crisis (*krismon*) on two villages in coastal Java. They found that the gap between the poor and the 'new rich' widened as a result of growing indifference of the rich towards the poor (Breman and Wiradi, 2002, p.20). They also found that communal mechanisms to relieve

poverty, such as mutual assistance (*gotong royong*) and other communal supports, had disappeared from the village (Breman and Wiradi, 2002, p.88).

Another study, conducted by Winarno (1985, p.4), focused on the development of agriculture in the New Order period. He concluded that government policies of maximizing the production of rice through the 'Green Revolution,' a broad package of ideas and technology including techno-economic inputs, subsidies, and extensive programs for farmers, had benefited mostly large landholders. The small farmers were regarded as inefficient and not worthy of receiving credit or other benefits from the government. Therefore, these small scale farmers were excluded by the village government from the benefits of these programs. The programs also marginalized the landless labourers who had been previously incorporated into the harvesting process. The economic growth had a positive impact mainly on the upper and middle classes (Winarno 1985, p.4). As such, it can be argued that the plight of the poor under the 'New Order' regime was a direct impact of "government policies that benefited mostly the middle and upper strata of the rural population" (Thorbecke 1993, p.61). Four factors contributed to deepening the poverty of the rural villages, according to Winarno (1985, p.8):

First, the improvements of living conditions among the villagers have been slow, and will remain slow, because of the low increase of agricultural productivity and the relative small size of the industrial sector. Second, the rural population faces varying degrees of poverty because of the limitations constantly imposed by resources, technology, institutions, and organizations. Third, the villagers' position has worsened because of the enormous increase in population. Fourth, the eradication of poverty and the improvement of rural life can only be realized by the mobilization of rural people and resources.

To solve these problems, Winarno (1985, p.9) suggests that “the improvement of agricultural production must be followed by income level increase and job opportunities for the poor.”

In rural West Java, Marzali (1992) studied the survival strategies of the poor. He revealed that the landless agricultural labourers employ strategies to survive in poverty by engaging in multiple occupations. The poor seized every economic opportunity such as “working in rice fields, participating in state-sponsored projects, sharecropping lands belonging to absentee owners, making roof tiles and participating in income generating activities in the village.” This kind of strategy had been recorded in studies from the 1970s of rural households who had ‘multiple-jobs’ (White, 1977; Sayogjo, 1993, p.56). In 2005, when the price of essential goods increased, the poor also employed similar strategies by leaning on “extensive family network, subsistence farming and work in the informal sectors” (Manning and Van Diermen, 1999, p.144).

However, many poor lacked the courage to take a risk for higher profit. Hart (1986) found that the poor choose a steady income though poorly paid instead of a job with high but risky income. On the other hand, the richer households were more willing to take a risk for “higher paying productive endeavours.” Hart called this the ‘proximity of subsistence.’ The poor who have less dependable capital prefer a safer income source, otherwise, they can lose all their money. The above conditions led to the formulation of the following research objective and approaches.

1.7. Research Objectives and Approaches

The overall research objective for this dissertation is to explore the processes and results of the *Program Penanggulangan Kemiskinan di Perkotaan* poverty alleviation programs, initiated by the World Bank in Java since 1999. The study focuses on the poverty alleviation organizations in some villages of the Sleman District, Yogyakarta Special Province, Indonesia.

The following key questions guide this research:

1. How were the poverty alleviation programs carried out? Did they employ democratic and participatory principles and methods?
2. What were their impacts on the lives of the poor in the community?
Did the program empower the poor?
3. Overall, are democracy, participation and empowerment key to poverty alleviation?

The approach for this thesis is an exploratory qualitative approach. This study will benefit the poor by uncovering their concerns and ideas related to poverty. It hopefully will also benefit policy-makers, scholars and practitioners alike in improving poverty alleviating programs and other developmental projects.

Chapter Two: Literature Review and Conceptual Framework

2.1. Introduction

The purpose of this chapter is to provide a review of the literature on the problems of poverty and to describe the theoretical framework for this research. The chapter starts with an overview of how to understand the nature of poverty. This is approached in two sections, the first of which describes the general theories of the causes of poverty and the second describes the factors that deepen poverty. The discussion then goes on to discuss what constitutes development, specifically the concept of participatory development and democracy. This is followed by the important concepts of globalization and poverty. Globalization is introduced mainly from the perspective of its negative impact on developing countries. Poverty, on the other hand, is approached from the individual and local contextual conditions inherent among the poor. The last part of Chapter Two discusses strategies for poverty alleviation, which consists of empowerment and human capital improvement. All these points when woven together form the theoretical framework for this thesis.

2.2. Understanding Poverty

“We cannot speak of poverty, but of poverties: poverty of (economic) subsistence (due to insufficient income, food, shelter, etc.), of protection (due to authoritarianism, oppression, exploitative relations with the natural environment, etc.), of knowledge (due to poor-quality education), of participation (due to marginalization and discrimination), and of identity (due to imposition of alien norms upon local and regional cultures, forced migration, political exile, etc.)” (Wardah Hafidz, 1993, p. 220).

Poverty is a multi-faceted problem. The causes and manifestations of poverty are many, such as poor health, lack of power and opportunity, a low level of knowledge and skills, lack of access to financial resources. As discussed briefly in Chapter One, poverty can be absolute, that is one is unable to sustain one's own life, or relative, namely, when one is poor compared to the average population (Pronk, 1993, p. 258). Similarly, a group of development workers define absolute poverty as “the inability of an individual, a community or a nation to satisfactorily meet its basic needs”; while relative poverty is “the condition in which basic needs are met, but where there is an inability to meet perceived needs and desires in addition to basic needs” (Burkey, 1993, pp. 3-4). Indicators that need to be considered in assessing poverty are income and nutritional levels, access to shelter and healthcare and educational opportunities. Poverty can also be defined as “not being able to acquire a minimum basket of goods to satisfy basic needs,” while “indigence poverty, or extreme poverty, refers to a lack of means of subsistence” (Munch, 2005, p.26).

The World Bank has set the poverty line at US\$2 per day and extreme poverty at half this amount (Munch, 2005, p.26). However, this definition does

not include the multiple problems and factors that lead to poverty. With the higher level of the poverty line, many more people in Indonesia, including the not so poor, are considered as poor. The poor are vulnerable because they have to buy most of their basic necessities in the city, including clean water (which in many rural areas is free and in abundance). This is a side effect of Indonesia's 'urban bias,' that is, the centralization of development in the cities where trading activities are focused and where the circulation of money is widespread. Those who really benefit from this advantage are few in number. The poor are more vulnerable to economic crises as they are dependent on commodities for their basic needs. It is reported that the number of poor people in Indonesia increased by twenty million between 1997 and 1998 (World Bank, 2000), during the peak of the economic crisis. Compare this to the fact that according to worldwide surveys, the poor tend to inhabit the most inhospitable parts of cities, where insecurity is constant, sanitation inefficient, water and air pollution common, and the political influence of the communities suffering from these conditions almost non-existent (UNEP, 2000; quoted in Rees & Westra, 2003, p.101). The reality of poverty is indisputable and there is a range of the theories for the causes of poverty, particularly in the rural area, including the social, political, and economic factors that deepen its existence.

2.2.1. General Theories of the Causes of Poverty

Poverty has its roots deep in human history, and many scholars have attempted to identify its causes. Thomas Robert Malthus (1817) theorized that

poverty occurs when food production falls behind the growth of population. When the population increases dramatically while food and essential products lag behind, poverty is the result. Thomas Carlyle (1849) criticized this theory as “the dismal science of economy”. This has been challenged by Carlyle, Olson and Kahkinen in their book entitled “A Not-So-Dismal Science” (2000), where they point out that the rapid growth of population is not always the sole cause of poverty. Many experts believe that the low demand theory asserts that inadequate demand for labour creates unemployment and or employment for wages below the poverty line. The low demand for labour will have a devastating impact on unemployment when the number of labourers is out of proportion (Carlyle, Olson & Kahkinen 2000:125).

Poor human capital can lead to poverty. When workers offer poor resources, such as lacking the skills, knowledge, and abilities to be productive, their wages will be low as well. People in this position will either be unemployed or employed at wages below the poverty level. Inability to work can also contribute to poverty. Those with a physical disability will find only low-wage jobs because most firms will not profit if they hire and pay them above the poverty line. This inability can be due to many reasons such as being too old, too young, or disabled. People who take care of a young child or a relative may also not be able to work. Inability to work also depends upon one’s culture and circumstances. In developing countries that lack universal care for infants, many new mothers cannot work. There is also the cultural factor that women are expected to only engage in reproduction and not paid work.

Another theory, proposed by Marxist economists, is that due to the lower bargaining position of workers vis-à-vis employers, there will always be pressure to minimize wages. This theory is related to the first in that the more workers who try to enter a limited job market the lower the wages will be (Carlyle et al 2000, p. 126). Thus, poverty is caused by a lack of voice and political power. The poor are barely able to advocate and advance their needs and interests. Their rights are subordinated by the powerful elite who usually monopolize the economy and other resources. Unfortunately, the poor's humble appearance with often shabby clothing can frequently make them the target of humiliation by the authorities. Many are illiterate and powerless; the poor rarely have access to social and judicial justice. These conditions place them in a position to be exploited by the more powerful (Narayan et al. 2000).

In Indonesia, the Soeharto regime's policy of developing rural areas indirectly facilitated the widening gap between the rich and the poor. The government's development policy was based on hastening economic growth without deliberate distributional efforts, hoping that the economic success of the elite would 'trickle down' to the middle and lower strata of society. This policy operated under the assumption that the success of development depended on the experience and perseverance of the rich who were perceived as the vigorous, energetic, and advanced elements in Indonesian rural society (Boeke, 1961). This policy failed to distribute the benefits of economic growth, since the supposed 'trickle down' effect has had limited impact on reducing the number of poor. The assumption that as some people get richer, they will in turn buy more products

and hence there will be more money in the economy along with job creation, and hence more people will be employed, has had little impact, especially for the severe poor. The introduction of technology in the process of production, for example, eliminates numerous jobs that were previously occupied by the poor, particularly by women. Thus, the policy deepened the gap between rich and poor, with the inevitable result that the rich grew richer and the poor grew poorer (Wertheim, 1964).

In addition, the widening gap between the haves and the have-nots, the urban and the rural, the powerful and the powerless is the result of the implementation of ‘distorted development.’ This is the result of economic development becoming the focus at the expense of social development. Without social development, the economic pie is divided such that most of it falls into the hands of the few. Those who have political and economic power, the cronies and families of the top bureaucrats and those who can afford to either contemplate or dare to bribe are all factors that add to the high cost of economic development. James Midgley (1994) notes that this distorted development not only occurs in developing countries but in developed industrial countries as well. The phenomenon of an ‘urban underclass,’ as theorized by William Julius Wilson (1987), as well as ghettos and slum populations in the cities, are the logical consequence of this type of development. Knowing these causes of poverty is important in relation to the efforts to solve the problems of poverty. Without knowing the causes of poverty in general, it is difficult to understand and contextualize the problems at the local level.

The theories of the causes of poverty outlined above, according to my opinion, should be looked at in more detail according to the local conditions. The above theories are interrelated, and cannot be applied individually. Indeed, all factors contribute in their own way to the existence of poverty. In the case of Indonesia, the urban bias has contributed to poverty in rural areas as the New Order government preferred development of urban centers. The population increase, a factor related to poverty, is partially caused by the Old Order government encouragement to have large families, as Soekarno wanted to be proud of the huge number of the Indonesian population. Another factor to the large population increase is that the poor are unable to afford or even obtain contraception.

2.2.2. Factors that Deepen Poverty

The following subsection discusses factors that lead to poverty. Interconnected factors force the poor to remain poor. A high fertility rate among most of the poor, which also exacerbates the poverty cycle, exists as a survival mechanism for the poor to support themselves. The high fertility rate is seen as a much-needed family labour pool, as well as a way to compensate for the high rate of infant mortality and to make up for the relatively shorter life expectancy of the poor. This strategy, however, often leads poor families to the point of financial and psychological exhaustion. The families, particularly the mothers, are often prevented from keeping a stable job due to the time they must spend taking care of their children. Although children are often able to contribute to supporting the

family economy, this limits the time and energy that they would otherwise use to acquire knowledge, skills and experience and thereby escape poverty.

Limited organizational skills and a low capacity to solve their own problems contribute in making the poor poorer. With limited social, economic and political networks at their disposal, the poor face bleak prospects for improving their situation. They have no choice but to accept their fate to be unemployed or employed with low wages that barely provide the minimum standard of living, or to satisfy themselves with informal jobs, which are often considered 'illegal' by the government and offer no professional stability. The basic right to earn one's living and support one's family is interfered with by the government, either willfully or through negligence. Underemployment and low-paid jobs, as well as seasonal disasters like floods and fires, cause the poor to become poorer and force many new people to join the ranks of the impoverished.

Some argue that the existence of poverty is partly due to authoritarianism. The authoritarian Soeharto government of Indonesia (1966-1998), for example, pursued its policy of the 'trickle down effect' by enlarging and strengthening a few corporations in the belief that these would economically benefit the rest of society. This policy did indeed benefit a few but these were mainly top government officials and their families and cronies, and this was at the expense of the vast majority of people who never gained a share of the deal. These latter ones live below the poverty line, which contributes to widening the gap between the rich and the poor in Indonesia. The effect of this 'trickle down' economic development, which the government implemented without any real planning or

commitment, was unsuccessful and counter-productive. The poor have had to rely on extreme measures to survive, often sacrificing their health in the process.

Religious beliefs embraced and practiced by many of the poor prevent them from being positive, motivated and progressive in life and this also deepens poverty. This is strange, for in Islamic doctrine, the rich often receive considerable praise. For example, the Prophet stated, “the hand on top is better than the hand at the bottom.” However, poverty is often perceived as God’s will. It is regarded as normal that God should make some people rich and others poor. The late Clifford Geertz (2005, p.95) terms this “Qur’anic fatalism.” This fatalism can represent an obstacle to alleviating poverty, particularly when the poor also adopt it. As part of a process of internalized oppression, this pessimism and the tendency to blame the poor for their poverty are common and impede the struggle against poverty. In fact, many poor are almost certainly destined to remain poor due to limited financial capital, a lack of skills and education, an absence of social and political networks in which to participate, few positive role models, and virtually no time to plan their future and devise means to escape poverty, since they must work harder and longer than the average rich person. Certain religious beliefs that have become cultural traits and traditional behaviour reinforce the poor to passively receive their fate without any effort to change their condition. The values that have been internalized in their character make it harder for them to emerge from poverty.

The culture of poverty is also the product of the system in general. The pessimistic values in religious teachings, the corrupted behaviour in political

practices, economic exploitation and other negative factors contribute to forming this culture of poverty. The existence of static and pessimistic culture was inherited through the long process of exploitation and oppression launched by colonization in many poor countries. The negative culture of unequal global economic relationships continues to hamper people in developing countries to cultivate dynamic and optimistic cultures and behaviours. Through ‘neo-imperialism’ and the exploitation of the poor, the problems of poverty remain (Versluysen, 1999, p.1).

The long-term vulnerability of the poor feeds on their sense of hopelessness. To understand poverty, one can look at the characteristics of being poor, and their economic and social constraints. Economic constraints include the “absence of access to cash, low productivity, few assets, low absolute savings capacity, low income, and chronic unemployment.” Social constraints include “being dependent, subject to violence and duress, vulnerability to misadventure, feelings of hopelessness, behavioural passivity, and alienation within one’s community” (Remenyi, 2004, p. 204).

Marx and Engels predicted one hundred and fifty years ago that global economic expansion would result in the economic dislocation of many poor countries. They suggested that the established national industries would be destroyed and dislodged by new industries, which require materials from all over the world and then globally export their products. They stated: “In the place of the old wants, satisfied by the production of the country, we find new wants, requiring for their satisfaction the products of distant land and climes” (Marx &

Engels, 1998:39; as quoted in Schweickart, 2002:94). The above ideas show that poverty alleviation efforts are related to multiple factors.

2.3. Development

This section discusses the link between development and poverty. First it discusses the concept of development, followed by a discussion on what is participatory development. Development has been defined as a process of upgrading the welfare of countries. The 1960s were declared by the UN as the Development Decade and the 1970s were decreed as the Second Development Decade. Economists, political scientists, and other development practitioners designed and implemented practical and theoretical ideas for the development of the Third World, Developing and Under-Developing countries (Burkey, 1993, p. 26). However, the problems of poverty could not be reduced significantly despite the rigorous development efforts of these two decades.

Problems occur when the development of villages comes to depend on the assistance of the development of cities. The latter is in control of the development of the former in that it is the sole distributor of a village's basic necessities. With financial power concentrated in the hands of mostly city dwellers, villagers are at a disadvantage. In the wider context, developing countries as a whole also depend on developed countries, which are the source of both goods and money. Thus, aid and assistance can reduce the power of subsistence of many nations and states and

can lead to the creation of a dependency attitude, which reduces their capacity to truly develop their own country.

2.3.1. The Concept of Development

The concept of development as it was originally understood in the literature on development, and practiced by many ‘development’ agencies, has been criticized severely since the late 1980s. The ‘lost decade’ of 1970s witnessed the collapse of the gains of development, which was itself diverted along different paths. Instead of growth and prosperity, development began to produce backwardness and poverty. Instead of the responsible use of natural resources, development resulted in a wounded environment. The biggest problem was that millions of people continued to remain in poverty. Forest fires, droughts, floods and human-made natural disasters also impeded the progress of development. Thus, sustainable development, which consists in doing justice to nature by protecting the environment as well as having social and human aspects, should be the focal point in maintaining and accelerating the stages of development. Many scholars criticize development for exploiting nature to the point of exhaustion without concern for the preservation and continuation of long-term development. Scholars and activists such as Samir Amin, Robert Chambers, Paulo Freire, Ivan Illich, David Korten, and Amartya Sen offer cogent critiques of the concept and implementation of heedless development. ‘Sustainable development,’ ‘grassroots development,’ and ‘people-centered development’ have become the alternative to the traditional perspectives. The newer, more radical approach has completely

abandoned the old paradigm of development by offering “alternatives to development” (Escobar 1995, p. 215). The assumption that “development would trickle down to poor people and to women” was thus discredited (UNDP, 1995, p.1).

In Indonesia, poverty has been rooted in the process of development. Like many third world countries, the Indonesian Soeharto government has spent most of its effort on trying to catch up to the developed countries, mainly by following the paths that the developed countries have taken in their journey towards wealth and security. What the Indonesian government fails to realize, however, is that their political conditions, cultural barriers, economic potentials and other conditions are different. This copycat approach to development may be one of the key reasons for the failure of development in developing countries. Instead of making progress, they regress. Instead of improvement, development brings misery and backwardness. Indonesia and other developing countries “could never follow the Western path because they have experienced something that Western countries have not experienced. Most developing countries were colonized by Western countries (Frank, 1967, 1968; So, 1990, p.96).

Ideally, development should result in the advancement of all people. Development should lead to progress and freedom in many areas of life, such as social, economic, and political. The goals of development are the fulfillment of the basic needs of every person (Kambhampati, 2004, p.12). Julius Nyerere, the first president of Tanzania, defines development as “a process which enables human beings to realize their potential, build self-confidence, and lead lives of

dignity and fulfillment”(in Rist, 1997, p.9). The key to development is that people become independent agents in improving their social, economic and political conditions. The goals of development are security and opportunity for people to live in harmony, peace, and dignity. Development should improve people’s health and free them from poverty. According to the *Human Development Report* (1991, p.1), the goals are “to enlarge the range of people’s choices to make development more democratic and participatory which includes access to income and employment opportunities, education and health, and a clean and safe physical environment” (Rist, 1997, p.9).

Development requires a more democratic process and the participation of the people to eliminate corruption and mismanagement. Accountability ensures that the process of development benefit the majority of the population. The goal of development is to increase the prosperity of many people. Development should not only benefit the small rich sector of society but, most importantly, it should also lead to the prosperity of the bulk of the people at the bottom of the economical pyramid. The assumption of a ‘trickle down’ effect resulting from economic growth will not materialize unless the government enacts policies that redistribute the fruit of development. Growth without equality will result in a situation where the rich become richer and the poor become poorer—this is the disaster of development. In the long run, the widening gap between the haves and the have-nots can endanger the unity and harmony of community. Riots, mobs, high crime rates, and even mass revolution could then hamper the progress of development. The nation will be set back to its early phase of

development when many people were left behind. The vehicle of development has to carry as many people as possible. When too many people are left behind in the process of development, the speed of development is reduced.

According to Todaro & Smith, the target of development has to be shifted from prioritizing and benefiting the elite to servicing the needs of the general population. The eradication of poverty through the reduction of unemployment and the decrease of inequality should be the real targets of development. For example, the economic growth which accompanied the oil boom in many developing countries during the 1960s and 1970s mostly benefited only the elite (Todaro & Smith, 2006, p.16).

Another problem of development, particularly in Indonesia, is that it focuses mainly on the immediate constituents of the political elites. Development was also concentrated in urban regions due to political bias. The urban centers, particularly the capital city, received a bigger portion of the development 'pie'. Meanwhile, the majority of the population living in rural and remote areas was mostly neglected. Development should be implemented democratically. In many authoritarian regimes, the ruling elite regards the majority of the population as nothing more than a 'floating mass,' and not a real threat to their power. There is limited accountability on the part of the rulers to the public as the majority of the population has only limited control over the decision-making process. The poor, therefore, have to content themselves with subsistence development, using their own limited resources and skills to survive; they do not participate in development but suffer underdevelopment or backwardness. To measure the

success of development, Dudley Seers (1969, p. 3; Todaro & Smith, 2006, p.16) reminds us of the questions for achieving real development: “What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality?”

Underdevelopment and backwardness characterize the everyday life situation of the poor who are left behind, marginalized and neglected by the process of development. Denis Goulet (1971:23; cited in Todaro & Smith, 2006:17) vividly describes these experiences:

Underdevelopment is shocking: the squalor, disease, unnecessary deaths, and hopelessness of it all! No man understands if underdevelopment remains for him a mere statistic reflecting low income, poor housing, premature mortality or underemployment. The most empathetic observer can speak objectively about underdevelopment only after undergoing, personally or vicariously, the shock of underdevelopment...Chronic poverty is a cruel kind of hell, and one cannot understand how cruel that hell is merely by gazing upon poverty as an object.

In my opinion, without the motivation and hard work of people, the process of development will not be smooth and rapid. That is why the development of high quality human capital should be the utmost priority in developing countries. One need only look at the lessons learned from developed, rich countries and those newly emerging rich countries. They are conscious that their development can only be sustained through the high quality of their people. Thus, universal high-quality free education at the elementary and secondary school levels should become the priority in developing a country. It is not only via formal education that the quality of the people can be improved, but also through numerous informal and practical schools and training. Education should liberate people to

create, motivate people to work, trigger people to innovate and to nurture their natural environment so as to maximally benefit human beings. It should not simply exploit them for the destruction of natural resources; the future generation has the right to inherit a healthy and tranquil human environment. The amount of financial resources for research and education in developing countries should be augmented if they want to speed up their development and to catch up to the flow of development that has been led by the western countries.

Following the footsteps of democratic countries in developing their participatory democracy is very important for developing countries in drawing the support of the people and in engaging them in development process. By making democracy work, people can check and monitor the politicians to ensure that the budget of the government is utilized for the utmost benefit of the people. When the government officials fail to deliver their promises to raise the welfare of the population, the people can punish them by not reelecting them. Fair and responsible democracy can also improve the accountability of the government and therefore minimize the corruption. Apart from its many weaknesses, the democratic system is still the best method to be applied to steer and guide the development process. Democracy ensures that people's voices and concerns are heard and considered. However, in developing economies, many developing countries cannot directly follow the footsteps of the current state of developed countries. The cultural, climate, and environmental as well as the quality of human resources are very different from developed countries. The capitalist system can wipe out the informal economy that becomes the backbone of many

poor people in developing countries. The developing countries need to consider the natural as well as human resources that they have to become the stepping stones in developing their economies.

The *Human Development Report* series prioritizes the development of human capital as the basis of development as people are main actors in development. When people are sound and healthy, they are more productive; when people are skillful and knowledgeable, the nation will be more prosperous. The Human Development Index, which includes wider components of quality of life, is the new yardstick of development. 'Human face' development takes into consideration more than the conventional economic indicators, such as Gross National Product or per capita income, by including other indicators such as food security, employment, military expenditure, and educational performance.

Impetus to development can be achieved through a high degree of the need for achievement or "achievement motivation" among a large population. McClelland (1961) stated that certain behaviours and attitudes such as diligence, self-discipline, independence, hard work and creativity closely relate to the success of development. These characteristics can be developed in a new generation through the schools. Achievement is linked to success in development as the people with these characteristics will build their skills in entrepreneurship and other productive endeavours. The development process needs high achievers to become the motor of development. A lack of these characteristics can hinder the process of development. The culture of conspicuous consumption can waste much of the money that might instead be invested in the activities of development.

Cultures that emphasize status rather than merit and achievement can halt the progress of development. In these societies, the money and time for production can certainly be wasted through various activities that do not support development such as excessive celebrations at festivals, funerals, weddings, and so on.

Centralization also halted development in rural and marginal regions. The authoritarian regime tried to secure control over local regions by centralizing the flow of money to Jakarta, the capital of Indonesia. The planning and implementation of development was also secured by the central government, given the limited contributions made by local governments. As a result, urbanization became the solution for the rural poor to improve their living, despite the fact that their lack of skills and low level of education meant that they could only participate in the marginal and informal economy, and therefore barely support a decent living. Consequently, they become a burden to development. Despite the difficulty of surviving in an urban environment, most of them consider living in the city more rewarding although challenging. They do not suffer malnutrition or hunger in the city as many opportunities, both legal and illegal, offer solutions for income. Thus, inequality and a gap in the phases of development, particularly between big and small cities and between urban and rural areas, contribute to the persistence of poverty in rural communities.

Environmental controls must ensure that the development process is sustainable. By respecting the environment, development can be fruitful to society and can enhance the social welfare of many people. By contrast, negatively exploiting nature can endanger the ecosystem and subsequently decrease many

people's well-being. People at the bottom layer of society will suffer most due to this underdevelopment. Sustainable development has to be prioritized by respecting natural resources.

Debt that poses risk to the society, environmental degradation that brings with it sickness and a loss of resources are all among the impacts of development. Development to this date has not improved the living standards of many populations, particularly at the grassroots level. Mismanagement and corruption distort and deflect development. Instead of being pro-poor, development becomes pro-rich. The poor are marginalized and cut out of the process of development. As a result, they receive little of the positive results of development.

Corruption, mismanagement, nepotism, bribery and other negative practices can also hinder development. To be successful, development needs both sound planning and clean implementation. Improving the livelihood of the majority of the people has to be the main target of development. Management of development has to be appropriated so as to maximize the benefits of development; mismanagement in development can distort the process. Also, bribery can decrease the quality of development and can even prevent its ultimate achievement. The above ideas reveal that eradicating poverty needs to embark on new approach of development. Participatory, decentralization, transparency, and accountability are among new approaches that are introduced in the program of poverty alleviation that I am researching. This section illustrates that to

continuously end poverty, the programs must prevent the negative impacts of development.

2.3.2. Participatory Development

The concepts of ‘participation’ along with ‘empowerment,’ ‘bottom-up planning’ and ‘indigenous knowledge’ have gained popularity since the mid-1980s. Governments, funding agencies, donors, and civil society actors including NGOs and multi-lateral agencies like the World Bank and the International Monetary Fund (IMF) have all concluded that unless participatory, development will not be sustainable and long-lasting.

Participation has multiple meanings. The Economic Commission for Latin America (1973) defines participation broadly to include “contributions by the people to public programs to the complete exclusion of any involvement in the decision-making process.” Cohen and Uphoff (1977) hold that participation includes the people’s involvement in the entire decision-making process. Similarly, FAO (1982) adds that involvement should be held by the people’s own organization and through self-organized action. Paul (1987) maintains that the goal of participation is the improvement of people’s well-being in terms of income, personal growth, self-reliance, or other values by directing and executing the development project. Schneider and Libercier (1995, p.30) defines participatory development as “a partnership built upon the basis of a dialogue among various actors (stakeholders), during which the agenda is set jointly, and local views and indigenous knowledge are deliberately sought and respected.”

The president of the World Bank stated that “Participation matters both as a means of improving effectiveness and as a key to long-term sustainability and leverage” (1998; Francis, 2001, p.72). Participation can be implemented as a means and as an end. As a means, participation focuses on its ability to deliver more effective development: “...better planning, implementation, monitoring, evaluation, investigation and training and action” (Chambers, 1992, p. 961). Participation as an ends focuses on “its ability to strengthen empowerment by transforming consciousness” (Cooke, 2001, p.104). However, there is a danger when people are forced to participate wither by manipulation or passive participation as it weakens the power of community (Kumar, 2002, p. 26). In contrast, genuine, interactive participation and participation by self-mobilization can be highly empowering. Genuine and authentic participation produces greater equality between the poorest people and the decision-makers.

Participation facilitates the people to become involved in decision-making and in controlling the public budget. It motivates people to implement what they have planned. Another benefit of participation is the cohesion of community by “building networks, strengthening trust, broadening collective action, ending and preventing social exclusion, democracy” (Cleaver, 2001, p. 38). However, there is a drawback to participation. It may reinforce “the marginalization of poor and peripheral households” (Cleaver, 2001, p.52) who cannot participate due to various reasons such as lack of time and ability, further marginalizing them in acquiring the fruits of development.

As the modernization theory observes, the state was perceived as promoting 'top-down' development and discouraging participation of the people. This top-down approach also decreases the power of the people especially the marginal population. Semi-private voluntary organizations, independent from the state, based on people's voluntarism and funded by the World Bank as loans to the government are perceived as a more efficient, less corrupted, and closer to the grassroots organization. The poor are perceived as the master of their livelihood. They already know what the problems are and what solutions are necessary to survive the harsh and poor conditions. What they need is "financial support and linkage to grow and to develop their own survival strategies" (Henkel & Stirrat, 2001, pp.170-171).

A 'top-down' approach of decision-making and delivering the program has failed to reach the goals of assisting the poor in fighting poverty. The approach is shifted to being 'bottom-up' to allow the broader members of the community to be involved and participate in the development process. Thus, they take part in every phase of the development process from designing and planning to implementing and examining the programs. The participatory 'bottom-up' approach of development is able to meet the needs and desire of the grassroots population. People are motivated and encouraged to contribute whatever time, energy, and money they have to contribute towards the success of the programs (Kingsbury, 2004).

There are obstacles to participation, such as structural, operational or administrative, cultural and social aspects. Centralized political, legal, and other

ideological systems, centralized planning, inadequate delivery mechanisms, lack of local coordination, inappropriateness of project technology, irrelevant project content, lack of effective local structures are among the obstacles. Other hindrances are a culture of silence and dependence, leaving decisions and initiatives to the local elite. Korten (1983) states that community organizers can play a great role in spreading awareness of the program and in developing the needed organization for effective participation by the poor (Bob, 1998).

Participation by the people in the process of development, including poverty alleviation efforts is said to have many benefits. Self-esteem, capability, and ability of the people in planning and implementing the programs can increase. Learning by discussing and employing the programs allows them to improve their knowledge and experience. The participation of the people can also prevent the failure of the programs as people directly monitor and therefore give feedback on what has happened. With participation, the development is in accord with the local need, interest and conditions. Thus, people rarely reject the planning as they participate in the process of making the decisions. Participation, by minimizing local problems and opposition, can effectively and efficiently succeed poverty alleviation efforts (Supriatna, 1997). Participation also contributes in making 'clean and good governance' as people control, monitor, and examine the process of design and implementation of the development. Transparency and accountability of the people and institutions in charge of and involved in development are sought and monitored (Schneider & Libercier, 1995).

Participation, as Midgley (1986, p.8) notes, can enhance “the capacities of individuals and communities to mobilize and help themselves.” The design and implementation of the program will also match the needs of the local people and utilize local resources (Midgley 1986). Perspectives from various agencies using their creativity and experience will also help the program achieve its goals. Rural communities still have maintained their social networks; they help each other in constructing houses and more generally in preserving the environmental conditions and roads. The level of trust among members of the community is generally very high and the networks among them are tight. This enables them to shoulder the burden of developing public facilities and enhancing the livelihood in the area.

The capacity-building approach to development attempts to identify the barriers that the poor encounter and it seeks to promote and strengthen their ability to solve their problems including those of their exclusion and backwardness. Capacities must be actively pursued; waiting for them to trickle down from the powerful is pointless. A proactive approach to empower the capacity of the poor without waiting for the elite bureaucracy to meet its obligations is a powerful step to increasing people’s awareness of their potential and capability (Eade, 1997).

2.4. Negative Impacts of Globalization

This section delves into the link of the globalization to poverty. Nowadays, to really understand how issues of poverty and development occur, one must take the processes of globalization into account. By understanding globalization,

organizers of poverty alleviation programs can perhaps prevent the frustration and backward results of their efforts. Local conditions cannot be disconnected from global economic development. Indeed, globalization is linked closely to the existence of poverty in poor and developing countries. Globalization benefits the rich and powerful individuals and countries at the expense of the poor and underdeveloped countries. The rich, who can invest in the new global order, have benefited from the liberal economy, which gives them the freedom to place their capital wherever they want for the sole purpose of accumulating profit. Due to this economic globalization, poverty becomes a devastating problem, particularly in poor and developing countries. Isbister admits that “imperialism formed the economic structures of the third world, which even today leave the vast majority of the human race in desperately poor conditions” (2003, p.87). Streeten points to the reduction of the government’s power to “maintain full employment and to look after the victims of the competitive struggle” (1998, p. 27) due to globalization forces. The following subsection will focus on the negative impacts of globalization. Though globalization certainly has some positive influence on poverty eradication, the negative impact is the focus of the dissertation. By revealing these negative impacts, the practitioners of development can address their efforts to avoid these pitfalls.

The process of globalization, which leads to interactions between the rich (mostly from developed countries) and the poor (mostly from developing countries), is unequal. Individuals, corporations and states in the developed countries can easily control and direct this relationship to the detriment of those in

the developing world. In fact, the former have much more power than the latter. Through more advanced technology and more abundant financial resources, multinational corporations often impose their power over developing and underdeveloped countries and exploit the latter's natural resources and their potential for consumption, chiefly to their own benefit. With the aim of maximizing profit, these multinational corporations exploit human and natural resources in many developing countries with little concern for the social and economic effects on the majority of the population. Riding the 'Trojan horse of globalization,' the rich "use tools of economics and politics to exploit market opportunities, boost technological productivity, and maximize short-term material interests in the extreme," resulting in an ever-increasing social and economic gap "between the affluent and the poor" (Isaak, 2005, p.4).

Again, it is noted that the gap between the rich and the poor widens. A few individuals become rich but many others are only able to live at the subsistence level with inadequate shelter, food, clothes and other basic needs. They are often powerless against government-backed regulations on low wages to keep corporations from re-establishing in other countries that provide greater economic incentives and profits. Therefore, these powerless and marginal people are victims of industrialization. Strategies for empowering them become a necessary stage in improving their status and livelihood and helping them rise above the subsistence level.

Globalization produces "economic inequality and high levels of unemployment" (Gilpin & Gilpin, 2000, p. 297). Stanley Hoffman in *Clash of*

Globalization (2002) asserts that “economic globalization has become a formidable cause of inequality among and within states” (quoted in Isaak, 2005, p.161). Capital flows across national borders in the search for profit and opportunity to expand business and power to the utmost benefit of capitalists, who control a large share of the economy of developed countries. Globalization acts as a new form of imperialism “without direct military support or political colonization” (Wood, 2002, p.28). Buckman (2004, p.83) also sees the growing gap between the rich and the poor as one of the results of globalization:

The reality is that the fruits of increasing world economic engagement enjoyed by poor countries have been extremely unevenly divided between them leading many to claim that poor countries are increasingly separating into ‘Third’ and ‘Fourth’ worlds.

As the globalization is moved by mostly capitalist countries, the negative excess of capitalism is also globalized. The strategy of capitalism is maximize profit by lowering expenses including wages led many workers to live in poverty. Leonard (1997, p.118) states that the development of capitalism was “historically based upon accumulation, the exploitation of labour and technological innovation,” and resulted in widening the gap between the welfare of the rich and the poor. A potential for longer work hours, minimum wages that are barely enough for an adequate standard of living and limited health and pension security often becomes the main incentive for multinational corporations wanting to invest in third world countries.

The fate of the workers is even worse under the harsh competition to attract foreign investors to developing countries. Governments in developing

countries compete with each other to attract foreign investment by, *inter alia*, lowering the wages of the workers. However, this attempt is not always fruitful because labour unions have become increasingly independent and powerful following democratization in certain developing nations such as Indonesia. Avoiding this, many multinational corporations have relocated to less democratic countries where workers' wages and opposition are lower. In such cases, many people in the former countries are left unemployed and dislocated, becoming victims of the patterns of global investment. It is ironic, as Buckman (2004) notes, that the only comparative advantage poor countries have to attract foreign investment is their cheap labour, but without employment security. They have to work long hours with little incentive. The poor are the most powerless and vulnerable due to their limited income and assets (Isaak, 2005). Deprived of opportunity, the poor have to struggle with primitive tools and resources. Lack of basic necessities and limited access to good education hamper the poor from growth. They often have to rely on physical labour to survive. The resources are drained by the affluent, who consume the most: "The richest 20% of the world's population consumes 86% of the goods and services; the poorest 20% consumes 1.3%" (Isaak, 2005, p.103).

Globalization also causes many developing countries to go into severe debt bondage. This debt, in turn, hampers their development. Isaak observes the crippling effect of these debts as "they are forced to cut funding of essential public services, such as education" (2005, p.152). The difficulty in reducing funding to public services like education and healthcare impoverishes these

nations because the quality of human resources diminishes. Social mobility is also limited because education cannot be provided for all citizens. The poor remain at the bottom of the social pyramid, unable to acquire an education or maintain sound physical and mental health needed to ascend to a higher position on the social ladder. Streeten (1998, p.22) states that “globalization has been particularly bad for most of Africa, and in many parts of the world.” The negative impact of globalization largely effects the poor both in poor and rich countries (Rowlands, 2002).

Globalization also impoverishes developing countries because the companies that have more money and power can easily transfer their funds from one to another, thereby influencing many local economies. A case in point is the financial crisis that hit Southeast Asia in 1997-1998. This crisis spread from one country to another, particularly because foreign investors moved their money around to gain profit, which damaged local economies (Stiglitz, 2002). The dangers of globalization, according to Paul Streeten (1998, p.13), are “the marginalization of larger regions and groups of people, and the increase of unemployment, poverty, inequality and alienation.” The local problems such as crime, drug abuse, terrorism, violence, civil wars, diseases and environmental destruction become global and widespread.

Developing countries seldom benefit from globalization. Multinational corporations tend only to seek raw materials in developing countries, while the manufacturing process and end products are usually confined to a select group of

nations. The profit goes largely to rich countries which process the materials. The UN reported this imbalanced economic process:

Almost 90 per cent of the export earnings of the developing countries [during the 1970s] derived from primary products; that almost a half of these countries earned more than 50 per cent of their export receipts from a single primary commodity; and that as many as three-quarters of them earned more than 60 per cent from three primary products (Hoogvelt, 2001, p.38).

This situation did not change much until recently. The impoverishment of the natural resources of developing countries endangers their existence in the long run.

The opposition to globalization comes from socialist and post-Marxist radicals as well as many environmentalists and others. They view capitalism as having more negative than positive effects on people, particularly on those living in poor countries. Globalization is a new kind of imperialism (Sutcliffe, 2002) which causes severe poverty. Buckman (2004, p.85) argues that poor countries remain poor because they cannot escape their role as mere exporters of raw materials as a result of unequal global trade relationships. He writes, “Of the roughly 160 poor countries that have missed out on any significant export manufacturing bounty, at least half remain highly dependent on the exports of raw materials, of which poor countries still account for a large global share.”

2.5. Empowerment Strategies for Poverty Alleviation

The following discusses how empowerment of the poor led to poverty alleviation. There are various ways of tackling the problem of poverty. The UNDP has developed a ‘global approach’ for improving the management of poverty. Promoting ‘good government,’ such as assisting administrations in planning and

executing ‘strategies against poverty,’ is an important step in eradicating the problem. The government that is pro-poor will produce policies that are also pro-poor. This can be achieved, for instance, by making economic growth pro-poor, or by building infrastructure such as roads, schools, and other public places in impoverished regions. This implies providing the poor with wider access to decent jobs in agriculture, construction, small business, and other fields. The UNDP’s *Report on Poverty* called upon nations to switch the battle on poverty from focusing on ‘micro-projects’ to improving policies and institutions. It concludes that “bad governance often breaks the link between the struggle against poverty and the reduction of poverty” (UNDP, 2000, p.6).

Empowerment is a “process through which clients obtain resources -- personal, organizational, and communal -- that enable them to gain greater control over their environment and to attain their aspirations” (Hasenfeld & Chesler, 1989, p.501). Rappaport (1987, p.122) adds that empowerment can be formulated as a “mechanism by which people, organizations, and communities gain mastery over their affairs.” In addition, to be empowered, one should have people that care and those ‘whom one can trust’ (Lee, 2001, p.315).

People are empowered when they feel they have the strength to achieve their goals and solve their problems, when feeling in control of their life, and when they see their rights valued and acknowledged by members of the society so that their level of self-esteem and confidence is improved (Neville, 2004). Empowerment also requires setting up an equal opportunity for them to compete in real life situations. When their voices are listened to and taken seriously, they

will feel empowered. Moreover, empowering people should be appropriate to their level of ability in order to prevent a backlash from them, which could result from them feeling pressured to do things for which they are not ready. People should be involved in the process of empowerment since, when they feel ‘good’ and ‘liberated,’ the process of empowerment will be more successful (Arigbede, 2004, p. 27).

Empowering the poor is a complex process. Factors that are often related to such empowerment, like financial resources, knowledge and skills, social and political networks, among others, are beyond the experience of many of the poor. Empowering the poor requires strategies that are relevant and suitable to their needs and interests. Giving them tools and skills may not be appropriate for the severely poor, who often lack the basic necessities of life. Empowerment consists therefore in giving the poor the power to solve their own problems. It also includes enabling them to structure and direct their own lives. This can be implemented by means of various approaches, ranging from helping them to feed themselves and to look after their own health to making them more independent in improving their standard of life. After ensuring that they have the basic necessities, the empowerment approach has to move to the next level, that is, giving them the skills and knowledge needed to master and improve their survival skills. Increasing their motivation and changing their attitude is also important at this stage. The approach has to be based on assuming that the poor have dignity like everyone else and that they have the potential to improve themselves. This can increase their confidence and motivation to improve their standard of living.

Activists are only there to show them the many alternative ways to escape from the poverty cycle. The freedom to choose and to make mistakes is also crucial to the experience, for they will learn not just from success but also from failure.

It is also empowering for the poor to learn many alternative ways to survive and develop their abilities. Learning how to organize their fellow community members who have similar experiences and concerns can be a first step in strengthening their social, economic, and political bargaining positions. This is particularly important, as self organization is still a major problem for many poor people for a number of reasons, including “limited time and resources for those who struggle just to survive; lack of leadership and negotiating skills; conflicting interests among the poor themselves; and limited access to decision-making forums” (Devas, 2004, p.190).

The power of many can be used to strengthen networks and encourage poor communities to deal with their everyday lives – which often means having to confront the threats and violence that come with that environment. These threats come not only from within their own community but also from external agencies that aim at imposing their will and agenda and, if possible, erasing the poor’s existence. Yet, everyone has the right to live peacefully and to perform whatever work is available to them so long as it is not contrary to the law or public order. Empowerment thus means not only improving the abilities and capacities of individuals in economic, political, social and psychological terms but also building the capacity of the poor community collectively, since “the importance

of collective empowerment to achieve social change and to alter the distribution of power” cannot be negated (Lister, 2004:127).

One way to empower the poor is to follow Paulo Freire’s (1970) method of educating ‘the oppressed’ by liberating them from hegemonies of knowledge and authority, which can manipulate and weaken their creativity when it comes to changing or improving conditions. So is improving what Giddens (1991) calls ‘generative’ power, which includes the freedom and encouragement of ‘self-actualization,’ leading to the realization of their “energy, capacity and potential” (Lister, 2004:126). Collectivity and organization can strengthen individuals by encouraging them to take action together, particularly against threats and subordination launched by what Giddens calls ‘hierarchical’ power. This includes improving “the ability of a group or individual to exert their will over others” (Lister, 2004, p.127). However, empowering individuals and groups should be managed harmoniously so that it is not in conflict with other individuals or groups, for this can be counterproductive and a setback from the overall strategies designed to increase their power. Therefore, it is important to create links among groups and individuals in order to take communal action against common obstacles and also to discuss and solve common problems and interests.

What often hampers the poor in achieving anything is their lack of material resources. Therefore, improving their material resources can contribute significantly to strengthening their economic and political bargaining power. Strengthening social and cultural awareness is also important for upgrading their social confidence, cultural identity and self-awareness, especially in view of the

negative messages purveyed by a culture of pessimism and fatalism. In this regard, a 'progressive' religious understanding of the value of working hard, saving, learning, and discipline, needs to be implanted and implemented so that these become part of the sub-conscious mindset of the poor. Educating the poor to be creative, responsible and independent is empowering.

Poverty is closely related to the existence of 'socio-economic injustice'. So all 'anti-poverty campaigns' should be directed at equalizing and democratizing the 'politics of redistribution' (Lister, 2004, p.123) by any means, ways, and materials that hinder the improvement of their standard of living. Poor people are often humiliated and degraded to the level of negating their existence. The politics of 'non-recognition,' which consists of neglecting their rights through any means -- legal and illegal -- as well as a deliberate policy of 'disrespecting' their culture, identity, and well-being, disempowers the poor in their struggle for rights and independence (Fraser, 1995:71).

The imbalance of power not only exists between the poor and the 'ultra-power,' such as the political authorities, but also exists between the poor and their 'helpers.' Social workers and NGO activists often become part of the problem by acting as agents for government or foreign donors rather than as advocates for those in need. Therefore, these 'helpers' need to recognize the power imbalance that exists between them and their urban poor counterparts by diffusing this imbalance for the sake of those they want to help. The task of these helpers is to facilitate self-empowerment of the poor by helping them achieve a better life using their own resources and those social and economic resources available from

other agencies and institutions concerned about their condition. The ability to overcome the barriers preventing access to community and agency support and to use the poor own skills and experiences to resist is the key to empowering the poor. This ability can enhance the capacity of the poor to master and control their environment for their better welfare (Greene & Lee, 2002).

The poor are often marginalized due to their ‘informal’ and often ‘illegal’ activities and their marginal living arrangements. A substantial number of them are living on the fringes of railways, on the banks of rivers and in other unhealthy places which endanger all members of poor households, particularly the children. They have to live with access to safe drinking water since the sources of natural water have been polluted by industrial disposal and household sewage and due to the lack of proper water purification systems. Air pollution endangers their life and health as well. A lack of education and employable skills hampers them from finding better jobs in the formal economy, making it even more difficult to find decent and safe housing. Thus, improving their shelter, meeting basic needs, enhancing education and skills contribute to improving their sense of power because their environment is a major part of the empowerment process. This effort can help them to escape low-paying jobs and small-scale and low profit businesses by giving them the skills appropriate to their needs to improve their business and activities.

Empowerment is a long process involving many people who often internalize an oppressive system into a self-blaming and self-defeating attitude. Therefore, the very first stage of empowering people consists in listing the

negative factors that prevent their self-empowerment. Only then can one initiate the project of building a sense of empowerment, which includes naming 'positive potentials,' raising 'political awareness,' and finally disseminating 'methods and strategies' in building empowerment.

Focusing on the strengths rather than the weaknesses of people is fundamental to the empowerment process, which recognizes that help is often ineffective due to a disregard for the competencies of people. This creates dependency and blocks the initiative and creative ability of the people in need of help. This is called the "dilemma of helping" (Brickman et al., 1982). Expressing pity or sympathy can lead to disempowering clients (Miley, O'Melia, and DuBois, 2004), as the poor come to perceive themselves as lacking the potential to sort out their problems. The process of empowerment focuses on strengthening the potential of the clients and eliminating their weaknesses. In addition, an emphatic response and continued support allow helpers to acknowledge the urban poor's perspective and understanding, which can in turn lead to collaborative efforts and communication between the social worker and the client who faces a challenging situation (Miley, O'Melia, and DuBois, 2004). People feel empowered when they are regarded as being competent or at least having the potential to become competent. The urban poor should be regarded as active participants in solving their own problems (Brickman et al., 1982).

Thus, empowerment increases socio-political control, which is the process of achieving power from within and from without including self-reliance and confidence and this results in the capability to take independent action and

increased control over decision-making and any following actions. It is argued that people are poor because they are disempowered. Therefore, empowerment is both the means and the goal of development.

According to proponents, empowerment of poor people substantially improve their standard of living. This can be achieved when the poor are allowed to participate in the decision-making that affects their well-being. Better access to economic services combined with the provision of basic healthcare and education will also boost their level of productivity and sound physical and psychological conditions. The inclusion of the poor in decision-making at the local level will enable them to serve as watchdogs over the implementation of new programs, which are often ruined by corruption and other mismanagement (IFAD, 2001, v). When the poor are capable of organizing themselves, accessing current information, and enjoying adequate road systems, “the market would become a powerful ally in the effort to end poverty” (IFAD, 2001, vi).

The above notions of empowerment have direct links to the *Program Penanggulangan Kemiskinan di Perkotaan* which focuses on improving the capacity and capability of the poor to help themselves in reducing poverty so that they become self-supporting and self-reliant on their own economic enterprises. The importance of empowerment in the eradication of poverty is very relevant to my case study, which utilizes this approach in the programs. People feel empowered when the programs of poverty alleviation improve their financial capacity and skill capabilities. When people collaborate and coordinate with each other in facing the problems of poverty, their power and self-esteem improve. The

power the poor have in turn led them to monitor and guide the process of poverty alleviation programs. The above positive impacts of empowerment in poverty alleviation can be seen in the case studies.

2.6. Conceptual Framework

Democracy or rule by the people has been shown to ending poverty. When people are able to elect the best and trusted leaders among them and reject those who fail in their promises to improve people's welfare, people have a direct opportunity to improve the community's economic and social condition. They have a greater opportunity to speak on and participate in the process of development. Democracy is therefore not only procedural but also substantial. The process of designing and implementing public policies, including those aimed at poverty alleviation, are democratic when they involve the people at every stage. In the democratic process, people contribute to administering the process of development, particularly in relation to poverty alleviation programs. Democracy leads to people expressing their concerns about and gaining greater awareness of the process of development in ways that are not imposing or dictatorial but more egalitarian and collaborative. People gain a share in the power to guide and direct the future fate of their own condition. Despite its many weaknesses, the benefits of democracy are greater than any other method of implementation. Democracy leads to the strengthening of community mechanisms. It transforms the people from passive recipients of elite decision-making to active participants in the process of development that is in touch with their everyday life experiences

(Thomas, 1995). Creative and participatory democracy includes the participation of the people and their empowerment by self-government.

Participation enhances people's capacity to end poverty. Through participation, people can build partnerships with others in order to widen opportunities to increase their incomes. Partnership includes acknowledging each other's privileges and uniqueness (DuBois & Miley, 2005) by engaging in collaborative efforts. Through participation in the development process, people can enhance their 'conscientization' by increasing their critical consciousness (Freire, 1972, 1973), which in turn leads to their empowerment. Participation benefits in particular those who are usually marginalized in that it allows them to voice their concerns, hopes, and grievances. They can also contribute by giving feedback on programs that are aimed at them (Adams, 2008). Their participation also widens the support network among them, which opens up new opportunities through program development, community organizing, and social action. In order to be successful, this participation requires active collaboration on the part of various stakeholders. Participation implies that people perform a more active role, have greater choice, exercise more power, and contribute in decision-making and management (Adams, 2008). Participation can only be an empowering tool when people "can take control of their circumstances, exercise power and achieve their own goals" (Adams, 2008, p.17).

2.7. Conclusion

From these reviews of the literature I have drawn together a number of key points which act as the conceptual framework for this thesis. I started in Section 2.2. with a discussion on how we understand the nature of poverty, and more specifically by examining general theories for the causes of poverty, and the factors that deepen poverty. From this I adopted some main ideas that help to shape this thesis. One idea is that poor human capital leads to poverty as the poor have limited opportunities to realize a decent income. Another idea is that a cycle of poverty can occur that hinders people from being able to reach their full potential without some well structured intervention from outside. In Indonesia, for over thirty years, Soeharto's government often hindered rather than helped people in poverty because of the government's belief in the 'trickle down' approach. In Section 2.3. I then discussed the concept of development and the critiques in recent years of earlier modernization theories -- those that Soeharto had followed. From this came an understanding of some of the reasons why Indonesia has experienced so much human poverty, and why the development process has been so troubled. This led me, in Section 2.3.2., to discuss the concept of participatory development, which I argue is the current preferred approach to development, and is the approach used in the aid program that is the focus of my case study in Yogyakarta. I then discussed the relationships between globalization and poverty in Section 2.4., and noted how this played a key role in shaping Indonesia's development. I also discussed many of the negative impacts of globalization. I completed the chapter with an examination of the multiple faces of poverty –

some of which we will meet again in the case study – and some of the strategies for poverty alleviation that are developed by the *Program Penanggulangan Kemiskinan di Perkotaan* (Poverty Alleviation Program in Township). In sum, this chapter has reviewed a number of key ideas that shape and support the rest of my thesis. These key themes reemerge in my results in Chapters five and six.

Chapter Three: Methodology

3.1. Introduction

As was noted in the introductory chapter, two main questions guide this research: How were the poverty alleviation programs carried out? And, what was their impact on the lives of the poor in the community? These two questions are framed within the broader objective, which is to examine the implementation process of the poverty alleviation programs and their impact on the lives of the poor. To answer these questions, I made use of a qualitative research method. The fieldwork was conducted between February and June 2006. This chapter reports on the fieldwork research plan, the design, and the implementation of the study. It covers the methods of data collection, research ethics, analysis of field data, reflexivity, and the limitations of the research.

3.2. Field Research Design

The research design is an exploratory descriptive study utilizing multiple sources of evidence, including documentary sources, participant observation and semi-structured interviews using pre-established and in-depth open-ended interview questions. Initially, the research intends to explore the most and least successful organizations of the poverty alleviation program by comparing two villages. As I arrived in the field, it was difficult to measure and compare the success of an organization due to differing sizes and the different program challenges in each village. I first came to the Sleman government office of

regional planning which supervises, facilitates and evaluates the programs of poverty alleviation in twenty-two villages. There, I met the secretary of the office who was in charge of monitoring the organizations. I was then introduced to a specific organization in the village that was considered quite successful. This organization received a great deal of funding from the World Bank based upon the fact that the number of poor people and the population of the village were greater than that of other villages. I observed the activities of the organization and interviewed a number of its leading organizers in 2006. The organization itself was established in 2000. I focused my research in this village and another village whose organization of poverty alleviation was smaller and less active.

After two months, I found that the government was also in the process of establishing eight other organizations in different villages in replication of similar previously established programs. I then came to one of the villages in order to observe and participate in the process of setting up the organization. Occasionally, I ventured to other villages whose organizations of poverty alleviation had been established and I managed to interview the leading organizers and observed their implemented programs. The villages that I researched varied from the nearest one to the central town to more remote villages about twenty kilometers from the city. The poverty alleviation programs were under the authority of the *Program Penanggulangan Kemiskinan di Perkotaan* (Poverty Alleviation Program in Township), although the organization was not actually in the cities but present in semi-urban villages, usually the capital village of a sub-district (Kecamatan) and its surround villages.

In the Kabupaten (District) Sleman, twenty-two villages have received funding (see Table 1). Six million *rupiah* were delivered in three phases, the breakdown of which is Rp.1.5 million in the first year (2004), Rp.2 million in the second, and Rp.2.5 million in the third. Sleman was chosen as the site of the pilot project because “the previous projects of the local government and the Community Self-reliant Council were satisfying,” as stated by Suyamsih of the Regional Planning and Development Office of Sleman (Kompas Online, May 09, 2003). The program utilizes an ‘integrated approach’ by strengthening the synergic partnership of three interest groups, namely the local government, the Community Self-reliance Council (*Badan Keswadayaan Masyarakat, BKM*) established in the village, and concerned groups consisting of individuals from non-government organizations, universities, and businesses. The program has focused so far on improving basic infrastructure, economic facilities, irrigation systems, local products, and establishing vocational or educational programs. The following table shows the villages funded by the *Program Penanggulangan Kemiskinan di Perkotaan (P2KP)* in the first term. I conducted the field research in some of these villages.

Table 1: Villages funded by the Government Project in 2002-2004

Subdistrict	Village
Gamping	Balecatur, Nogotirto, Trihanggo, and
Mlati	Banyuraden
Sleman	Tirtoadi and Sendangadi
Kalasan	Triharjo, Caturharjo and Tridadi
Seyegan	Tamanmartani and Tirtomartani
Depok	Margodadi and Sidoarum
Godean	Condong Catur and Caturtunggal
Turi	Sidoluhur and Sidoarum
Ngaglik	Donokerto
Prambanan	Sinduarjo and Minomartani
Moyudan	Bokoharjo
	Sumberagung

3.3. Gaining Access

Shortly after receiving a letter of approval from the McGill University Research Ethics Board in 2006, I flew from Canada to Indonesia to conduct research for five months (February-June 2006). I deliberately selected Sleman District for this research as I have lived in this district since 1986 when I started my undergraduate studies. Before conducting the research, I needed to secure permission from the district government in which research would be conducted. In order to obtain this, I was required to bring a letter of introduction from the university where I worked in Yogyakarta. After I obtained approval for my research project from the district government department, I presented the approval letter to those I wished to interview as well to the various authorities in the areas in which I wanted to study. It was only in this way that could I gain access to the

key staff members of the organizations and poor people who have received the loans. This initial level of access made it much easier to engage in contact with villagers.

I met bureaucrats in the local government bureau of regional planning who are in charge of delivering the programs of poverty alleviation. I interviewed them several times. They also introduced me to the organizers of poverty alleviation programs in another village. Further, they provided a list of people who were involved in the programs as consultants and facilitators. These participants guided and motivated the villagers in setting up the organizations of poverty alleviation, which is called the *Badan Keswadayaan Masyarakat* (Community Self-reliance Body). From these key persons in the organizations, I managed to contact the poor who directly benefited from the programs. On many occasions, I joined the organizers in the field in order to check the programs and to evaluate individuals who benefited from the loans in the organization. Later, on my own, I was able to visit the poor to conduct interviews. On a number of occasions, I met directly with the poorest people to ask them about their experiences and their survival strategies. I commuted between villages, people, from one organization to another, and traveled to meet the villagers in their homes by my own motorcycle. I also participated in discussions, forums and on numerous other occasions for a variety of reasons, such as to study the process of establishing new organizations, to check the implementation of the programs, observed regular meetings, and the annual meeting to report and evaluate the programs in the organization.

3.3.1. Observation and Interview

The data were obtained through direct observations and semi-structured and informal interviews conducted for four and half months (from February to mid June 2006). Interviews with government officials were tape-recorded and subsequently transcribed. With villagers and staff members of the organizations, the interviews were recorded by taking notes since they found tape recording to be quite intimidating. Before conducting the interviews, I informed the participants about the research purpose, guaranteed their confidentiality, and informed them of the possible publication of the research findings. The government officials and staff members of organizations were interviewed in their offices, while the poor, local people were interviewed in their workplaces such as in their shops, in parking lots, and in houses. The semi-structured interviews used with the government officials and staff members of the organizations were based on interview guidelines that were prepared before the interviews. For informal conversations the themes were related to the stories of the poor on their productive activities. I used the information in the interviews as starting points for further elaboration depending on the emerging themes in subsequent interviews, which lasted about one to two hours. Before interviewing government officials, written consent was secured. The staff members of the organizations and the poor villages preferred oral consent because providing signatures on the written consent forms was quite intimidating due to fears that such signatures could be manipulated and used to commit fraud. In the first phase of observation and interviews, I introduced myself as a lecturer in a university in Yogyakarta and was

currently undertaking doctoral study in a university in Canada. They were quite receptive, welcoming, and pleased to have me participating in their activities.

A request was made to tape record the interview and I let them know that the data would be shared only with the thesis supervisor and other committee members. I utilized a friendly, sensitive, and flexible attitude in order to engage the informants in order to gain rapport and data. Key informants were “selected” because they had special knowledge, status, communicative skills, were willing to share their knowledge and skills, and were articulate and culturally sensitive. Observation included two aspects: first, the physical setting where the activities were delivered; and second, the social setting including the interaction among the people and their social condition.

Analysis was conducted after the transcribing process had been completed. The analysis served to make sense of and interpret the data before classifying them into various categories, models, typologies or concepts. Interviews with the poor began with me asking the respondent to tell his or her life story. While conducting interviews, I tried to be emotionally neutral; that is, empathetic but still critical. The interview process allows the interviewees to express their opinions, concerns, and feelings relatively more openly than is possible in a questionnaire. In short, individual life stories are certainly the most appropriate method for revealing the real life experience of the poor. It is more likely than any other method to unveil the factors behind their current conditions, such as family background, academic failure, personal traits, inequitable social structures, economic problems, political involvement, and personal problems among others.

3.3.2. Recruitment Procedures

I recruited a number of participants through various means. My participants came from diverse segments of the population from top government bureaucrats and organizers of the programs to community members with various occupations such as small traders, petty peasants, and civil servants. I directly approached two important bureaucrats and interviewed them in their offices. These are the key people involved in preparing and implementing the program of poverty alleviation, BKM (*Badan Keswadayaan Masyarakat* or Community Self-reliance Body). One participant was the secretary of PJOK (*Penanggung-Jawab Operasional Kegiatan* or Guarantor of Implementation of Activities), the sub-department that implemented the program, and the other was the director of the program-implementing unit. I also interviewed other officials involved in monitoring and evaluating the program. Later I accompanied them to visit one of the programs that was in the process of being implemented. I also visited several ongoing projects involved with making absorbing wells (*sumur resapan*) in Depok sub-District of Sleman.¹

The two bureaucrats from the Bappeda (Regional Planning Bureau)

Sleman introduced me to the organizers of 'Mandiri Mulia Condongcatur' BKM.

¹ These wells are about ten meters deep and are used for absorbing rainwater. The wells preserve the level of the ground water by feeding the wells that people build and help to avoid local floods and floods in regions further down in the valley. The wells were important because the Sleman lands are an elevated region in comparison to the downtown district (*Kodya Yogyakarta*) and to Bantul District to the South. These wells are a good way to preserve the environment not only in the surrounding neighborhood but also in other regions below the Sleman District.

I then commuted between Bappeda and the BKM office to arrange interviews with people in charge of the program. I interviewed the coordinator of the BKM and other staff to find out the nature of the program. I also interviewed the implementing units of BKM Condong Catur. In addition to these bureaucrats, I also visited local people who had received micro-credit and poor people who had not received the credit in this village. I moved around the village to observe the poor conditions of the homes. I also asked the village bureaucrats in the social bureau who are considered to be the poor in the village. In addition, I interviewed and observed a group of women who had initiated an informal enterprise for making cakes and a group of people who were working by servicing cars and motorcycles parked in front of the Bank. I also interviewed people who were idle, those having difficulty paying back the loans, and people who were extremely poor but pursued different kinds of small trading, brokering, laundering, collecting wood and other occupations.

I also went to other villages that received the program in order to compare what had happened in them. The programs varied, and the budgets themselves were adjusted according to the number of the population or poor people residing in the village. The more populated the village, the higher the budget of the program. In Condong Catur, for example, the office of the implementing unit of BKM was open five days a week from 9am to 2pm and was run by five employees. This BKM was the busiest office compared to the six other BKMs I visited. Though the busiest, the ranking of this BKM was not the best according to the consultant who was charged to evaluate it. This was due to, among other

reasons, the huge number of debts that were scheduled in this BKM. In addition, I visited other villages in the process of establishing BKM. Among villages that are in the process of establishing a BKM, I studied closely one village about twenty kilometers west of the urban center. This village is the capital of sub-district (Kecamatan) region and becomes the hub for many outlying villages. I stayed three months (April, May, June 2006) in this village and visited the neighbourhood, interviewed people, participated in the discussion forums, and other activities that related to my research.

3.3.3. Data Collection Techniques

This qualitative research study was conducted in several villages in the Sleman District, Yogyakarta a special province in Central-south Java. I conducted the interviews with most of the bureaucrats, NGO activists, and key persons in Bahasa Indonesia, while most of the poor villagers were interviewed in Javanese, which I also speak.

The informal interviews I conducted with individuals such as peasants, small vendors, day-labourers, teachers, religious leaders, petty brokers, the unemployed, semi-employed and others. Eight people were over 60 years old; twelve people were between 30 and 60; and twenty people were between 20 and 30. Two thirds of them are male. They were mostly still struggling with poverty, how to manage their lives amid the scarcity of resources and the limited opportunities to earn an income. Some have been quite successful in moving out of poverty, although often this has involved a painful and long effort with limited help from concerned neighbours and relatives.

The content of the interviews involved various topics such as delivering the programs included the initiation and implementation of the program, the impact of the programs in improving people's economic welfare, the obstacle of actualizing the program and other kinds of questions. For the local participants, the questions focused on their social upbringing, their everyday life situations, their work, their family among others. If they were poor (an assessment based on the poor condition of the house and lack of adequate income), I tried to determine what factors contributed to their poverty, whether it was cultural, structural, educational, or religious. For people who had managed to escape poverty, to earn a middle income or to become one of the new rich, questions revolved around how they had managed to accomplish this, and who were the important figures or factors that motivated or helped them along the way into their current positions.

For fifteen weeks, I focused on conducting research on these two organizations. I also interviewed several people in the villages, mostly the poor, including people who sold small food stuffs on the street (*pedagang asongan*), petty producers of foods and cakes, collectors of tree branches for firewood, and people who helped to park cars and motorcycles (*tukang parkir kendaraan*). I took every opportunity to talk to the lay people, including bus drivers, about their living conditions. Some of the staff in the organizations took me to meet people at the village level, some of whom had been successful in utilizing the low interest loans (about US\$50.00 to US\$2,000.00), as well as others who were less successful.

Then, when I came to the meeting of the volunteers of the organization, I learned that the Sleman government had also undertaken to expand the program to include another eight villages. To discover the process of establishing the program, I traveled to other villages, which were more remote (about twenty kilometers) from downtown. I spent ten weeks in these villages to find out about the process involved in establishing the organization. I attended several meetings concerned with setting up a body to alleviate poverty in the village over a period of about nine months. I finished my research at the point when the villagers had almost established the organization.

This process was not an easy one, particularly towards the end when a huge earthquake (5.9 on the Richter scale) hit Yogyakarta, damaging some houses in these villages. The house where I lived was also damaged badly. Some of the roof collapsed, as did some of the walls.² In one of the villages, I found people gathering, having escaped from their houses which had in some cases been badly damaged. I figured out later that the quake had damaged and destroyed many houses, particularly in the Bantul District of Southern Yogyakarta Special Province. In a matter of seconds, nature reduced a significant number of people to the level of poverty. Many houses were damaged or broken down on the ground. Many people were injured and lost their lives. For the poor, life became more difficult since they had to take care of their broken houses, belongings, and family members.

² I was fortunate that the earthquake hit early in the morning, as I was able to seek shelter under the bed. It was like being on a boat rocked by a huge wave. As the quake decreased in intensity, I was able to escape by running quickly through the corridors in the old big house to safety outside.

3.3.4. Documentary Data

Published and unpublished manuscripts were also consulted to gain a comprehensive picture on the problems of poverty and the program of poverty alleviation. Books related to the topic in the Indonesian and English languages were examined. Government pamphlets, monographs, and other documents were also used for the data. Particularly important was the organization for poverty alleviation monographs, design, reports and other materials related to the program. Materials published on websites on the topic of the poverty alleviation program in Indonesia in general and Yogyakarta in particular were also reviewed.

Two guideline manuals from the urban poverty project were quite useful in understanding the nature of the programs. I also consulted written unpublished materials such as the annual report and the planning of the organizations as well as documents from district, sub-district and village governments on issues of poverty alleviation programs.

3.4. Ethical Issues

To limit the ethical problems that arise in the field research, I implemented several procedures. The places and participants are confidential. This ensured that their insights and opinions regarding the implementation of poverty alleviation programs would not be recognized by government officials or other people. Thus, any potential negative psychological effects on participants were minimized and contained. Participation in the research was voluntary. They had the right to withdraw from the interview at any moment and to restrict certain information

from subsequent publication. With the greater openness and democratization of the political climate in Indonesia, lower level government officials were assured that their interviews would not have a negative impact upon their careers and activities. Participation in the research did not have any negative impact upon the poor or other participants. Therefore, the research had no harmful impact.

I obtained informed consent, written and verbal, before conducting interviews or before attending various meetings. For most of the poor who were reluctant to sign written consents, I asked for their verbal consent. As all the participants were healthy adults, they represented themselves in giving consent. Physical, psychological, or social injury was avoided by giving them the opportunity for voluntary consent in order to participate in the research. When someone agreed to be interviewed for the research I conducted, he/she gave consent to participate in the research. To preserve secrecy, I informed them that their real names would be concealed. There was one objection from an NGO activist to this pseudonymous methodology, in that it was hiding the truth of who reveals the information. However, for the security and well-being of the participants, I decided not to reveal the real names of the participants. Thus, I guaranteed confidentiality of the participants by providing them anonymity. I also secured the data obtained in the field to ensure the safety and confidentiality of the participants.

At large gatherings or meetings, I usually explained the purpose and nature of my research before asking the forum whether I would be allowed to attend and participate in the meetings. On one occasion, I was allowed to attend

the public meeting before the organization went into a closed meeting where I and other people outside the membership of the organizations were not permitted.

3.5. Limitations and Obstacles to the Research

As qualitative research, the findings of the research were for this specific community in terms of time and space. A generalization of the findings was not its intention. The focus of the research was the experiences and stories of the poor and the survivors of poverty in semi-urban and rural villages. Thus, the research did not deal with the quantification of the data. The research dealt with the depth of the experiences of those living in poverty, their strategies to survive and move out of poverty and the process of establishing the organization to eliminate poverty. The research did not focus on gender and age differences. The interview samples include men and women, young and old. Thus, the experiences and stories of the poor and previously poor were various and not specific. As for the organizations, the research did not focus on one or two organizations but compared several organizations ranging from the highly successful, the mediocre, to the least successful. The comparable views from non-government activists were dealt with on a limited basis.

3.6. Conclusion

This research utilizes a qualitative research method. Participant observation and semi-structured interviews as well as informal conversations were utilized to gain primary data from the field research. I attended the

discussions, annual meetings, preparation of establishing a poverty alleviation organization to gain first-hand experiences in the democratic and participatory process of poverty alleviation. When I was in the field research, the government just started to establish other poverty alleviation organizations, *Badan Keswadayaan Masyarakat*. I was able to follow the process of the establishment in one village. Other sources were also employed including published and unpublished materials that were related to the topic of poverty alleviation. In line with my personal experience in living and dealing with poverty, the data were analyzed in order to gain insights and an understanding of the poverty alleviation efforts.

Chapter Four: Context of the Poverty Alleviation Programs

4.1. Introduction

Indonesia, the largest country in Southeast Asia with a population of over 237 million in 2008 and the most extensive archipelago in the world with over 17500 islands, covering a sea area of 7.9 million square kilometers, is undertaking the challenge to fight and eradicate poverty. This chapter provides the context for the dissertation, begins by examining the economic crisis in Indonesia which caused many people to become poor and discusses the increasing pressure of the people for a more democratic government. Then Section 4.3. presents three previous government poverty alleviation efforts. The Green Revolution, the Backward-Village Development (IDT), and the Sub-District Development projects (KDP) were very extensive and indirectly connected to the *Program Penanggulangan Kemiskinan di Perkotaan* (P2KP), which is the focus of the thesis. The final section (4.4.) discusses the structural and cultural barriers opposing poverty alleviation programs after the end of the Soeharto regime.

4.2. Programs of Poverty Alleviation in Indonesia

There were numerous programs of poverty alleviation in Indonesia prior to the implementation of the *Program Penanggulangan Kemiskinan di Perkotaan* (P2KP). The *Green Revolution* (GR), the *Inpres Desa Tertinggal* (IDT), and the *Kecamatan Development Program* (KDP) are worth mentioning because not only

were they very important programs, but they are indirectly connected to P2KP. As a successor of previous programs, P2KP learned from previous mistakes and benefited from the positive lessons of those programs. For example, the GR was very successful in improving products of agriculture, particularly rice. However, in the long run, the program damaged the soil and therefore resulted in many peasants falling back into poverty. The program instead benefited large land-holding peasants who had access to credit and facilities. It also resulted in many landless labourers to become poorer as the implementation of technology and intensification of agricultural production marginalized many day-labourers, particularly women.

While the GR was not, the KDP and IDT directly were a poverty alleviation program. The KDP and IDT sought the participation of the poor by empowering them in poverty alleviation efforts. These two programs are the model for the *Program Penanggulangan Kemiskinan di Perkotaan* (P2KP). While in the KDP, the proportion of the budget for infrastructure was higher (over 70 percent) than the revolving loans for the groups of poor, the P2KP had the opposite policies. Over 70 percent of the budget was allocated to revolving micro-loans and about 30 percent to social and environmental programs such as building infrastructures that could decrease poverty. The P2KP also continued the policies of the IDT programs which focused on providing skills and financial capital to the poor. The P2KP enlarged the number of villages that benefited from the programs to include rather poor villages (where at least 30 percent of the population in the village was deemed poor). The P2KP also developed and funded independent

semi-government community organizations in each village. These organizations were established by local villagers with the help of consultants and facilitators hired by the World Bank to assist development. In addition the P2KP added social and environmental programs to assist the poor in ending poverty. Before turning our attention to the KDP and IDT programs, we will first discuss the Green Revolution program.

4.2.1. The Green Revolution

The Green Revolution, introduced while Soeharto was President, is part of the context for current day poverty on Java and other islands in Indonesia. This section thus helps to set the scene for the case study that follows.

Indonesia, facing poor harvests in 1972-73, was forced to buy 1.6 million tons of imports at high prices, over double the previous year's figure of 0.73 million tons. The government's response was to launch an intense program of technical and financial support for domestic rice production through the National Rice Intensification Program (BIMAS). Guidance, credit, and production inputs, including seeds of high-yielding varieties (HYVs), fertilizers and pesticides were provided to farmers to implement the "Green Revolution" (Young, 2003). These facilities were provided to 'revolutionize' Indonesia's agriculture to result in higher rates of production with the same amount of land. To meet the aims of the Green Revolution, that is, to intensify the production of rice paddy farming, the government provided assistantship and credit to the farmers to double and triple their rice production capacity. The government since the 1970s had developed intricate irrigation systems to support the aquaculture of yielding rice production

two to three times a year. Many different combinations of agricultural techniques and technological innovations, including the introduction of HYVs of basic crops and extensive chemical fertilizers were introduced to enhance the capacity of production (ESCAP, 2002).

This Green Revolution program had successfully reduced the number of poor and enhanced the economic welfare of many people. However, the landless labourers remained poor. The financial gap between the rich and the poor therefore widened. ESCAP (2001, p.13) observed, “The poor are almost by definition in a disadvantaged position to benefit from government programs, even if these are specifically intended for them.” A lack of information and a loss in the competition to receive subsidies or credit are among the reasons behind the increased poverty of the poor.

The protectionist policies of developed countries over their agricultural activities further distorted the prices of agricultural commodities and this led the peasants in poor countries to become poorer. In order to secure their own farmers and agricultural sectors, developed countries like Japan, the United States and those in the European Union have given generous subsidies in order to compete with global agricultural production. This precipitated the relative low price of agricultural commodities, which, in turn, led to the poor in developing countries remaining in poverty. Japan, for example, used 22 categories of quotas in order to restrict rice imports (Hogendorn 1992; Daquila, 2007).

The success of the Green Revolution in reducing poverty was only for a short term. The chemical fertilizers destroyed the fertility of the soil in the long

run, affecting the poor. ESCAP (2001, p. 81; in Daquila 2007, p. 54) illustrates this problem:

West Java (Indonesia) saw a 23 percent increase in yields, but an increase in the use of fertilizers and pesticides of 65 and 69 percent respectively. The increase in the use of insecticides, pesticides and chemical fertilizers has led to contamination and degradation of the soil. Pesticide use also resulted in the development of stronger pests which in turn had to be exterminated by harsher and more powerful chemicals.

An extensive study on the impacts of Green Revolution on economic welfare concluded that “it is the farmers with larger farms, who have adopted the new technology and who are more participant and active, that have the greater Social Progress” to be affluent (Gibbons, De Konick, and Hasan, 1980, p.172). Thus, the Green Revolution that was intended to help the poor produced the opposite result. In the long run, it made the poor even poorer and benefited the rich at the expense of the poor. Other kinds of poverty alleviation programs were therefore badly needed to repair the damage caused by previous programs. The Green Revolution’s unintended result was in the end negative towards the poor. Gibbons, De Konick, and Hasan (1980, p. 206) concluded that it resulted in unequal development: “Poverty persists among substantial proportions of the rural population despite their widespread adoption of new technology and its resultant agricultural growth.”

Similarly, White (1978, p. 8; quoted in Manning, 1988, p. 5) found that the impact of Green Revolution on the lives of rural villagers was unbearable. This researcher summed up his empirical studies during the 1970s as follows:

A perusal of available case studies of agrarian and other social-economic developments in rural Java would point out the

following changes in recent years: unequal distribution of the direct and indirect benefits of new biological and chemical technologies in rice production, new technology in cultivation, weeding, harvesting and processing which cut the costs for the larger farms but reduced the employment and income opportunities of labourers; more frequent harvest failures resulting from the new varieties' vulnerability to drought, flood and particularly to pests, which have affected the income of small farmers more seriously than those of large farmers; declining real agricultural wages; unequal access to agricultural and other forms of subsidized government credit,....increasing landlessness and an acceleration in the purchase of agricultural land by wealthy villagers and urban elites;....

Thus, the Green Revolution substantially benefited the wealthy farmers and individuals who could secure and widen their land acquisition as a surplus to their accumulated wealth. This led to a growing number of landless poor villagers.

Despite its negative results, the Green Revolution was eventually able to raise many poor livelihoods due to the opening of more economic opportunities beyond farming. Some of the economic growth eventually trickled down to the poor after a decade of development. Maurer (1984, p. 118; quoted in Manning, 1988, p. 69) observed the lives of the poor in Yogyakarta region in the 1980s:

Even if one takes into account the well known phenomenon by which the poorest villagers are among the first to migrate to big city slums, it is obvious that most of the poor stayed in these four villages in Bantul (Yogyakarta) and are relatively less poor than they used to be ten years ago. The improvement in their situation can be measured through all the main basic socio-economic indicators: food, income, clothing, housing, health, and education. Thus, the economic growth generated by agricultural modernization has in a sense partly 'trickled' down to the poor. But it does not mean that the social impact of agricultural modernization is purely positive, for if the poor are slightly less poor than before, the rich are also much richer. It can be seen through their new consumption patterns (motorbikes, cars, houses, travel) and also from the vast sums most of them are spending to send their children to the university gate and beyond.

Although there are some negative impacts on the poor, the Green Revolution was able to open up new employment opportunities triggered by the overall growth of economic development. Manning (1988, p. 72) concluded that: “New employment opportunities flowing from the growth in rice production...probably largely offset the negative impact on employment of new technology and institution.” While the Green Revolution focused primarily on assisting the poor through intensive agricultural efforts, the targeted poverty alleviation program called *Inpres Desa Tertinggal (IDT)* or ‘Backward-Village Development Program’ attempted to strengthen the financial capital of the poor in the poor rural areas.

4.2.2. *Inpres Desa Tertinggal (IDT)* or ‘Backward-Village Development Program’

Backed by the personal support of Soeharto himself, the New Order government launched programs for poverty alleviation called *Inpres Desa Tertinggal (IDT)*, which literally means the “President’s Instruction [on] Backward Villages”). These were a series of block grants given to poor villages across the country (Guggenheim 2006). The project was directly managed by the powerful National Planning Agency rather than some technical agency so that the country’s top planners and project administrators could ensure that the project was well planned and managed. Approximately \$200 million of government money was committed to the first phase of the project, with an assurance of more to follow. The World Bank and the United Nations Development Program (UNDP) were asked to provide independent monitoring of the project, and the government

formed a high-powered IDT Secretariat to make sure that the program would not become too bureaucratic (Guggenheim 2006). The program focused on assisting the severely poor populations in the villages.

Designed by the late popular economist of Gajahmada University, Mubyarto, IDT assisted the poor in strengthening financial capital and in opening up new enterprises and improving the existing ones. The programs intended to improve the villager's economy, capacity, and group organization by giving them revolving micro-credit without interest. A guide or facilitator (*pendamping*) was assigned in order to improve the capacities of the poor and to improve their economic welfare. There were three goals for the program, namely, improving the quality of human resources through skill improvement, financial capital development, and the development of opportunities to work and to trade; strengthening group organization of the poor population by obliging them to organize themselves into groups or *Kelompok Masyarakat (Pokmas)* (Community Groups); and lastly motivating the poor to start economic activities related to local opportunities such as low-scale vending and trading, agriculture, fisheries and husbandries. Poor people had the freedom to choose their own group and to have their own economic activities.

The *Inpres Desa Tertinggal* program (IDT) was started in 1994 (Kartasasmitta, 1994). This national program to alleviate poverty drew participation of poverty-concerned groups both from the government bureaucracy, individuals, non-government activists, and particularly the poor themselves who benefited from these programs. Transparency and continuity of the programs

became the obsession in the program. The disbursement of the funds was simple and handed directly to the poor via local banks and other financial institutions. The poor were encouraged to save and to strengthen financial capital (Kartasasmita, 1994). IDT funds focused on funding the economic activities of the poor by giving them interest-free micro-credit that would be in due course given to other poor members of the community. During the 1994/1995 budget years, 20,633 villages that were considered as 'backward' each received Rp.20 million (Kartasasmita, 1994, p. 18).

The IDT were guided by certain approaches and principles. In particular, the following four approaches guided the IDT programs: integration, self-reliance, participation, and decentralization. This program sought to integrate various aspects of development to combat poverty. It was also based on people's direct participation in designing and implementing the programs so that they could ultimately rely on themselves to end the problems of poverty. Local government and the local people had the authority to design and implement the program. In terms of principles, there were seven principles that guided the IDT program: integration, trust, togetherness, self-reliance, economical, and sustainability. The IDT programs were designed to integrate with other development sectors in the village so that they did not overlap. People were given full freedom to choose the economic activities. A principle of togetherness was promoted so that people had a sense of solidarity among themselves and had partnership rather than harsh competition among each other. This principle also proposed cooperation among the community members. The principle of self-reliance aimed at making people

economically sustainable and capable to continuously help themselves out of poverty. The economic principle meant that the economic activities that people chose were profitable so that they could improve the living standards of the poor. The principle of sustainability in the program was to secure the continuity of the program in order to benefit many more people from the revolving funds. The poor were able to make a profit and to improve their economic activities with the IDT programs (Kartasasmita, 1994). These approaches and principles were later adopted by the P2KP to guide the programs of poverty alleviation.

A study by Sujono on the implementation of this program revealed many weaknesses, despite some of its success stories. A lack of agricultural infrastructure such as irrigation systems, road access to markets and a lack of market information were noted as the main barriers in improving the profits of the enterprises. In addition, limited knowledge on how to organize groups and to collaborate in working together as well as a low level of education and low awareness of ways to organize hindered the development of the enterprises, and thus became additional barriers that needed to be overcome (Sujono, 1996).

Other factors impeded the success of the program. For instance, large amounts of money went missing and when the money did reach the village, all too often the village heads preferred to give it to local elites with a track record of using money effectively, rather than to poor people, who would unlikely be able to pay it back. Unfortunately, “an ex-post statistical evaluation of IDT three years after it was halted found a total net impact on poverty of zero” (Molyneaux and Gertler 1999; Guggenheim 2006, p. 118-119).

4.2.3. Kecamatan Development Project (KDP)

KDP, the *Kecamatan Development Project*, is a community development project covering more than 20,000 villages. This billion-dollar program extends from the northern tip of Sumatra to West Papua/Irian Jaya, three time zones away. Started in August 1998 as a three-year program, KDP supports development plans designed and approved by communities to strengthen good local governance (Guggenheim, 2006). Through an International Bank for Reconstruction and Development (IBRD) loan of \$228 million, the KDP financed development projects at the village-level of the poorest subdistricts (*kecamatan*). In early 2002, due to the success of the first phase in eliminating poverty and promoting good governance at the local level, these programs were continued for a second four-year-phase as the *Second Kecamatan Development Project* (KDP-2). The Bank provided \$325 million for the second phase to develop more democratic and participatory forms of local governance and to promote participation of the community in this development (Narayan, 2002).

The Indonesian administrative system consists of provinces, districts (*kabupaten*), subdistricts (*kecamatan*), and villages. There are some twenty to fifty villages in a *kecamatan* or subdistrict; the average Javanese *kecamatan* consists of 50,000 to 75,000 people, while a *kecamatan* in the sparsely populated eastern islands can have as few as 10,000 to 12,000 inhabitants. The basic architecture of the *Kecamatan Development Project* (KDP) is simple. It consists of a system to give block grants directly to *kecamatan* councils, which they can

use to provide development funds prepared through a four- to six-month participatory planning process. The funds, which amount to approximately US\$60,000-110,000 per *kecamatan*, can be used for almost anything villagers believe to be a development priority. As in many poor parts of the rural world, villagers tend to place a premium on roads, bridges, and irrigation, but in both theory and practice, the KDP funds can be used for almost any kind of public good as well as for village-level revolving funds through micro-credit, non-interest loans. (Guggenheim 2006). During the first two years of the KDP projects, 75 percent of the funds were used for building infrastructure such as roads (62 percent of all infrastructures), bridges (10 percent), irrigation (8 percent), and clean water (7 percent). The remaining 25 percent of the funds went to revolving-loans for the poor to build and strengthen their economic activities (Narayan, 2002). This is in contrast to the policy of P2KP which provided over 70 percent of the funds for revolving micro-credit.

The direct transfer of funds to the project organizers at the village level minimized the corruption and the misuse of funds. Transparency and accountability became the focus of clean governance by allowing a public accountant to monitor the implementation of the project. The project officers must publish the specifications and detailed outlines of the projects in order to allow people to monitor the development so as to follow the rules and regulations. The project officers also are required to publish audit reports. The KDP's requirement to post all financial information on signboards displayed in public places is a strong departure from practices of the past (Guggenheim, 2006). This practice of

transparency and accountability was adopted by P2KP. As I observed in the offices of BKM (Community Self-Reliance Body), the reports of the programs for poverty alleviation were on display. I noted that the BKM also posted the specification and budgets for a road project that one of the BKM wanted to build.

The KDP borrowed heavily from a previous program called the *Village Infrastructure Project*, also assisted by the World Bank, which helped the villagers to build small roads, bridges, and water supply projects (Guggenheim 2006). At least in part, the KDP was started because the project concept would provide a way for powerful institutions to counter major crises of credibility that each faced (Guggenheim 2006). The mechanism used to promote transparency in the KDP was simply to increase the number of non-government actors involved in the project. At the national level, government hired the Association of Independent Journalists to investigate and publish, without any prior review, stories of the KDP performance in the villages (Guggenheim 2006) allowing more credibility of the evaluation. At the same time, the KDP is built on the premise that giving villagers resources, information, and a voice in decision-making will also give them some tools to negotiate better outcomes for themselves (Guggenheim 2006). As stated, the KDP's initial strategy to improve the quality of local governance was to increase the involvement and awareness of people who joined the village and *kecamatan* meetings where decisions about the project were made (Guggenheim 2006). The employment of journalists from the Association of Independent Journalists, which had been banned by the Soeharto regime, was a deliberate attempt to improve the honesty of the reports and gain the trust of the

people, since people generally distrusted government reports but trusted independent journalists. This was also adopted by the P2KP, who employ similar journalists and publish the reports on its website.

The success of the KDP programs in reducing the number of poor in the villages was prevalent from Narayan's study (2002, p. 190). This study states that:

The benefits in fighting poverty have been considerable. A sample of *kecamatan*s [subdistricts] that were included in the first year found that 60 percent of all participants in project meeting were poor, and 40 percent were women... The project generated 4 million person-days of labour in the first year. Because the project sets wages below the local agricultural minimum, almost all of these wages have been paid to the poor and vulnerable.

However, critiques argued that KDP's programs were centralized and designed as a 'one-fit-all': "KDP villages twenty kilometers from Jakarta use the same formats, planning cycle, and facilitator structure as villages in the jungle of Papua" (Guggenheim 2006, p. 137). Other factors that were embedded in government bureaucracy such as corruption, authoritarianism, incompetence, and a resistance to change added to the failure of the program (Guggenheim 2006). To avoid a similar fate, P2KP funds were independently managed by the community with open public scrutiny and sought to attract the participation of women and other marginalized populations.

4.3. The Economic Crisis and Democratization in Indonesia

As was noted in Chapter One, the fall of President Soeharto in May 1998 signaled the end of the authoritarianism era in Indonesian politics. Due to the

regional economic crisis in 1997-98, subsequent presidents had to meet the demands of the reform movement, which was an Indonesian version of the quiet revolution demanding the abolition of *KKN* (*Korupsi, Kolusi, Nepotisme*). The people demanded that the government eliminate three often witnessed dishonest practices. These practices were a tradition of corruption that was rampant in the bureaucracy from the top to bottom layers, collusion between bureaucrats and big businesses which distorted the economy and development at the expense of many people, and nepotism of the government officials who were in the habit of recruiting family members, friends, and cronies in the bureaucracy without paying attention to their skills and knowledge. Protesters, mobilized by university students and supported by government opposition groups, sought to end a history of mismanagement, corruption, and the favoring of family and cronies in lucrative business monopolies under government protection. The university students who were at the forefront of many of the protests, as avant-garde supporters of democracy, held noisy demonstrations to demand more democratization and participation of the people in the process of governing the state. The urban poor and other segments of population subsequently joined them to resist the continuation of the corrupt nature of governance and authoritarianism in the New Order period. People lost their trust in the government as the economic crisis continued. This is ironic when one considers that the same economy had previously been the symbol of government success. The harsh economic conditions revealed that since October 1997, hundreds of thousands of skilled and

unskilled workers lost their jobs due to the closure of many factories and business enterprises (Soetrisno, 1999).

To end authoritarianism, the people proposed a more genuine, fair, and open democracy which provided many opportunities for the people to express their opinions and interest in developing the country in a better direction. This kind of democracy opened more space for people to participate in the process of democratization. People demanded fairer elections. They also tightly monitored government administration in order to be more accountable to people's demands (Uhlen, 1997). By reforming government administration, the people wanted to avenge their bitterness and the injustice they had been facing during the period of the New Order government (Soetrisno, 1999). The reform led to a freer democracy which reveals "diversity, participation, genuine autonomy, democratization and people's empowerment" in government bureaucracy from the central level down to the village level (Antlöv, 2003, p. 208; Nyman, 2006, p. 172).

Gone are the days of pseudo, theatrical democracy where the government controlled the process of a general election by supporting its own party, *Golongan Karya*, and deliberately sidelined the other two bonsai 'opposition' parties, namely, the forced merger of Islamic parties, *Partai Persatuan Pembangunan* (United Development Party), and the forced merger of secular and non-Islamic parties, *Partai Demokrasi Indonesia* (Indonesian Democracy Party). After three decades of authoritarianism, restricted political activities at the village level now became open. With the abolition of a 'floating mass' restriction, politics vibrated

down to the village level and villagers started demanding accountability of their village heads. Those who were corrupt were harshly ousted from power, and the villagers democratically elected their village heads. This benefited the people as more dedicated and corruption free leaders were elected. Aspirations and the demands of villagers were finally considered. People were aware of their choices and punished the leaders who did not fulfill their promises to increase the economic and social welfare of the local community (Nyman, 2006). However, the democratization process was still in transition. Many people were concerned about money politics which was often involved in the process of election. This in turn distorted the goals of democracy from improving the welfare of society. The culture of corruption also seemed to have negatively impacted the democratization process.

Demand for greater autonomy came also from regional provinces and districts. To meet this demand, the government proposed Law 22/1999 for greater regional autonomy in response to the threat of separation from certain areas in Indonesia such as Irian Jaya/West Papua and the Aceh province. The government even gave greater autonomy to the Aceh province in 2006 in order to reach a peaceful agreement with the powerful rebel group in that province. However, this law has only been enacted since January 2001 when the number of provinces increased from twenty-seven to thirty-two. Antlöv (2003, p. 200) regards the regulation as “a quiet revolution in the countryside,” transforming villagers from apathetic ‘objects of development’ into more rigorous and demanding community members who seek their rights and opportunities. The law empowers the villagers

to demand accountability and transparency from the bureaucracy in the village, sub-district, and district administrations. Never before have people been as brave as to demand the scrutiny of government corruption, collusion, and nepotism. Indeed, in some areas, including my own village, public demonstrations destroyed the village, sub-district and police offices as they were the symbols of the authoritarian New Order regime.

Demand for greater change and reform was also due to people's disappointment with the lack of economic development in the country. The social and economic gaps between the rich and the poor were continuously widening. Those who could bribe government officials, have monopoly licenses, or corrupt the government budget were able to amass a wealth that was beyond people's imagination. People were furious at seeing the wealth of President Soeharto's children, grandchildren and cronies, which was accumulated via a holiday tax, monopolies and government facilities. In late 2003, according to Asia Foundation's survey, 60 percent of the respondents rated the economy as Indonesia's greatest problem that needed to be solved (Asia Foundation, 2003; Nyman, 2006, p. 175). The problems of unemployment, poverty and social stability were increasing due to low economic growth of less than 3-4 per cent (MacIntyre and Resosudarmo, 2003). Many poor people had no access to basic necessities and services (Oey-Gardiner and Sulastry, 2000) and so, the social and economic welfare of the people dropped. In fact, "the New Order society, just as that of the Old Order, is one of inequalities" (Antlöv, 1995, p. 91). To solve these problems, the government launched social safety net programs to help the poor

cope with the rise in the price of basic commodities during 1998-2000

(Hadiwinata, 2003, p.viii).

During the heyday of Soeharto regime, people were afraid to criticize the government. Antlöv vividly describes a local rural context:

There was always the opportunity that, one day, the Village Guidance Army Soldier might stand on your doorstep to take you to the sub-district military command. This disciplinary power of the New Order frightened people. One did not hear any public criticism of Golkar and Soeharto. If people did criticize their rulers in public they might not be able to get a Letter of Good Behaviour. They could well be doomed to remain in the village, perhaps without any employment, even unmarried, because even to marry one must have the permission of the village head (Antlöv, 1995, p. 201).

The memory of harassment, terror, and killing committed by the Soeharto government, which was fully backed by the armies of the communist people in the mid sixties and later on by the petty criminals, traumatized people to the extent that few dared to express different views from the opinions of Soeharto.

The end of the authoritarian Soeharto regime thus led people to be released from such terrors and oppression. The post-Soeharto era marked the beginning of genuine, liberal, and participatory democracy in Indonesia. Under the pressure of the people, president Habibie (the former vice-president who had automatically replaced Soeharto) opened up fair public elections. Euphoria for democracy arose and people seized the opportunity to fill the empty spot of power left behind by the diminishing Old regime. The media and people at large embraced the opportunity to exercise their rights to free expression, which was long denied under the Soeharto regime.

Under previous regimes, the centralization of power diminished people's initiative and creativity in developing their community. The already passive society under the tutelage of the Soeharto regime strengthened this passivity and fostered a culture of pessimism. General consensus and a participatory approach to economic and political recovery now keep the state and the society ready for future development leading to a better society (Forrester, 1999).

4.4. Problems of Post-Soeharto Poverty Alleviation

This section discusses the structural and cultural problems, which challenged the poverty alleviation efforts. Some problems were the products of previous regimes as far back as the colonial era, while others seemed to be entrenched in the culture of the Indonesian people, who need intensive education to produce positive attitudes in support of the development of the country. These two barriers are interconnected. The structural barriers, which were very powerful in making the poor stay poorer, existed externally to individuals and community members. In her extensive study on the struggle of the indigenous population to fight for their rights, Tania M. Li (2007) concluded that any programs to improve society were closely linked to political-economic relations. The powerful elites often become the burden and barriers towards the development of the marginal population. On the other hand, cultural barriers were embedded within individuals and community members as traditions that had been passed down from many previous generations. These barriers might also have been shaped by structural difficulties. However, the internal force of the people to either improve or to stay poor becomes their choice.

4.4.1. Structural barriers

It is not easy to break with a culture of passivity which the New Order Regime built over 32 years. The top-down approach that marked the previous approach to development rendered any initiative from the grassroots unnecessary. In effect, people were at first reluctant to get involved in the process of designing and implementing the poverty alleviation programs because they had been made dependent on the central government. To ask for their contribution and involvement required a new culture, a new approach and much motivation to improve the common situation and pursue common goals. Another problem was the difficulty of reducing the influence and involvement of the government, which had been so powerful as the sole designer and implementer of much development. People's input, contributions, involvement, evaluation and critique had been kept to a minimum. To empower the people meant to lose the patronage of the government. This also meant removing a source of income for some government officials, which was also not easy. Previously, every project meant new income for government officials whether legal or not. Corruption in the form of budget siphoning and kickbacks from companies that were granted contracts was bypassed through this new practice of direct transfer to the people. People could now control and evaluate the flow of money, therefore minimizing the misuse of the budget. This new culture, with its initiative and involvement of the grassroots, has become more common in Indonesia since the collapse of the authoritarian regime of the New Order. The government's role was reduced to that of stimulating and motivating participants in the program while the people's role

was enhanced to that of the main actor — proposing, designing, implementing, and evaluating the programs with the help of the government and NGO activists hired solely for guiding and mentoring the community. With the endorsement and support of the Bureau of Local Government Planning, government offices and departments now regulate open-door policies for collaboration.

Despite the promise of success, four factors hinder or even prevent poverty alleviation efforts. First, limited access to market networks and information hampers economic activities. Second, the poor are not integrated into an existing social institution. The culture of poverty is internalized into their thinking which reduces their work ethos. Third, the poor have an income which is insufficient to fulfill their basic economic needs. Fourth, they have limited assets for ensuring life capital such as high quality human resources, working tools, and finances among other deficiencies.

Structural barriers also hamper the poverty alleviation efforts. Petty peasants, for example, often have problems because the government suppresses the price of their commodities. For example, when they harvest their paddy, the price of the paddy is so low because of a surplus. What they need is a government plan to build a paddy warehouse and facilities to dry and thus store the paddy. Then, in every paddy-producing village, the peasants would receive increased benefits by selling the paddy at a higher price during the dry season when the demand is higher than the supply of the rice paddies. The government should then buy the overproduction so that the prices are still reasonable for the peasants.

Top-down bureaucracy hampers poverty alleviation efforts as well. According to the director of the Local Planning Bureau, the typical top-down approach of the New Order bureaucracy attitude inhibits many bureaucrats, making them reluctant to share their authority and privilege with the people. Instead of giving service to the people, they expected the latter to provide service and show gratitude to them. To overcome this barrier, a bottom-up approach must be utilized. Solidarity, communality and mutual help to solve common problems (*rembug, musyawarah*) can become focal points for people to solve their own problems. By meeting real needs, by avoiding the elite egocentricity in choosing the priority of development, and by prioritizing the interests of the grassroots, the business of alleviating poverty can be carried out in a sustainable manner. In the New Order era, it was often the people, the village, or the hamlet that backed the previous government party, *Golongan Karya*, and in turn benefited mostly from the development process. Those who supported the opposition parties were deprived of the fruits of development. Their roads were not maintained and even the state electricity company, a monopoly, was forbidden to extend its electrical services to these villages.

Another barrier is that the government often suddenly stops the programs of poverty alleviation. The grassroots are also surprised and disheartened when the government stops the process on the basis of the argument that a given community is not yet ready to receive funding. This sudden halt is certainly a challenge for the consultant, who now has the time to reflect and think about the process of establishing the organization: Has it involved the community members

and absorbed their ideas? A sudden halt can nonetheless make organizers wonder whether the government is serious about implementing a poverty alleviation program. Minimal trust on the part of the community towards the government stems from a long tradition of negligence and ignorance by the government about the problem of community welfare. To overcome this, people must have their own resilience to continue the program. After mapping community resources and their self-reliance capacity, the people with the help of consultant can continue the process of establishing the organization.

Building institutions for combating poverty in the land of corrupted bureaucrats is not easy. The BKM who carries a mandate from the government to improve the well being of the people empowers people to reduce their poverty. Their mandate to design and implement the programs by consulting and involving the people is supported by professionals and experts in eliminating the problem. Financial support that they receive from the World Bank as a loan to the Indonesian government can be used in prioritizing the poorest of the poor. Otherwise, the self-interest of the volunteers who run the program may diverge from the original intention to combat poverty. The poor are afraid to borrow loans for fear of being unable to repayment. In addition, the limited financial help did not cater to all of the poor in an area. Programs targeted to help the poor improve their skills and knowledge as well as facilitate them to start new productive enterprises and other programs targeted to improve family member's education will be much more beneficial in the long run.

In discussions reflecting on poverty, people are encouraged and stimulated to question existing beliefs and stereotypes and to think deeper about the roots and the real causes of the problem. Why are people ignorant? The reasons may include a lack of motivation to study or work, schools that do not prepare the student for a better life and a job, a school system that does not attract people to study, too busy a lifestyle to eke out a living, and many other problems that cannot be blamed solely on the poor. Indeed, it is the poor who are the victims of the system. Why is education so expensive? Why doesn't the government prioritize educational improvement at the expense of other luxurious and unnecessary programs? When people look into the deeper causes of problems and discover the external factors that cause villagers to be poor, they are then able to think of the solutions that they can achieve together in battling against their common enemy: poverty. Analytical consciousness will enable them to think critically to look for better solutions.

4.4.2. Cultural barriers

Culture can be a barrier to poverty alleviation as well. The traditional culture of too much giving and feasting while in harmony with society can burden the poor household. They are unable to save because of conspicuous consumption and other spending. When they cannot accumulate their wealth for other investments, they will not be able to improve their economy. The view of fatalism, in which God preordains everything that happens before one is born, is a barrier for the poor to improve their own living. This "peasant fatalism" is the product of

a defensive mechanism against their hard struggle to live in poor conditions among scarce resources. Creative and progressive cultural values can boost people's motivation and willingness to improve their welfare.

The facilitators have a hard time changing the deep-rooted cultural and religious belief that poverty is a fate given and predestined by God. The most pressing and difficult attitude to change is the opinion that, because God has already preordained that some people are poor, changing this situation means opposing God's will. Though not everyone holds this opinion, the prevalent belief in fatalism strengthens the belief on the part of the poor that they will never change themselves. When they accept their condition and lose the hope for change and improvement, any program that aims at improving their lives will be futile. The peasant's fatalistic approach to poverty stems from the difficulties faced by those who want to emerge from poverty. Many poor people submit to poor conditions as a long-term effect of the poverty that they face. This cycle of poverty leads to further and deeper levels of impoverishment.

An intensive and evolutionary approach to changing people's minds and behaviour so as to support their attempts to eradicate poverty needs to be taken. Through public figures, such as religious leaders who can change people's attitudes toward improving their welfare, people can be encouraged in their struggle to emerge from poverty. Through public meetings, people can be motivated to improve their lives and enhance their conditions through continuous efforts. Building consciousness can also be achieved through various media accessed by the local community. Key persons are usually wiser and more open-

minded as they receive more information on the negative impacts of poverty.

When people oppose the program due to religious grounds, the organizers do not confront them but seek moderate and compromising solutions such as changing the terms and language to be more acceptable to certain religious values. For example, when people opposed the interest rate of the micro-credit as contrary to Islamic values, the organizers changed the term into ‘profit-sharing contribution’ instead of ‘interest,’ which was more acceptable. The low interest rate, or profit-sharing, makes the micro-credit seem more socially just than the high interest rate usually charged by private money-lenders.

Changing the perception of the people as to the causes of poverty is also difficult. As mentioned, many people in the village regard poverty as a fate, bestowed by God. They do not think that the problem of poverty can be solved. They do not think that many factors can lead people into poverty. For instance, government policies that prioritize the development of cities rather than villages can turn villages into pockets of poverty. How to be critical of the political, cultural, religious values, and other belief systems that oppose the effort to alleviate poverty is one of the objectives of the reflection process on poverty.

Certainly, changing the perception and attitude of the poor is not easy. To illustrate, many people perceive the loans as grants and some refuse to repay loans for this reason. They regard that government money always means a grant rather than a loan. Some of them do not want to repay their loan on the excuse that the money comes from the government, which means that it comes from the people as well. They argued that they were only imitating government officials who

misused the state budget and took from it as though it was their own. Public money can be seen as everybody money's, they thought. This culture of ambivalence to the difference between public and private became the trigger of many non-performing loans, besides many other genuine reasons of economic difficulties. With limited wages and financial support as well as lack of experience and market knowledge, new enterprises easily collapsed. Furthermore, there were no sanctions when people failed to repay government loans. The failure to repay loans in a timely fashion or even at all was contagious. This view demonstrates that besides culture, structure can also produce poverty.

4.5 Research Location

The location for the case study that is at the center of this thesis is the Sleman district of the Special Region of Yogyakarta, Indonesia. As a small province, Yogyakarta has developed well since Indonesia's independence, particularly in its economic and educational spheres. It has been granted the status of a special region due to its early support for the establishment of the newly independent Indonesian Republic. Formerly known as the Mataram Javanese-Islamic Kingdom, Yogyakarta was integrated into the state dating from Indonesia's early independence. For this reason, during Indonesia's revolutionary war, Yogyakarta (1946-1949) became the capital city of Indonesia after Jakarta was occupied by the returning Dutch. Although the population of Yogyakarta in 2000 was only 3.1 million, Yogyakarta City (*kotamadya*) and the Sleman district

(*kabupaten*) are home to many universities, which attract students from across the country. Thus, it is popularly called a student city.

Yogyakarta Special Province (DIY) has moved from being the third poorest province in the country after Nusa Tenggara Timur (NTT) and Nusa Tenggara Barat (NTB), to become one of the richer provinces in Indonesia currently. This prosperity has however bypassed certain Yogyakarta regions, such as the Gunungkidul District, most of the Kulonprogo District, and a small part of the Bantul district located southeast, south and southwest of the province, all of which are infertile and affected by drought. One of its poorest villages, Sriharjo (in Imogiri of Bantul District), was documented by David Penny from Cornell University and Masri Singarimbun from Gajahmada University in 1973 in their monograph, "Population and Poverty in Rural Java: An Economic Arithmetic from Sriharjo." This research identified Yogyakarta as the poorest region in the country. The revolutionary war effort had especially drained Yogyakarta's resources because this city had become the temporary capital city of Indonesia and therefore became the target of Dutch operations in their attempts to re-occupy Indonesia. However, after the turbulent political conditions of Soekarno's early presidency, Yogyakarta managed its development well, and emerged from being the center of Javanese poverty to become one of the island's more prosperous regions (Mahoney 1978, p.81).

During 1966-1996, the prosperity and welfare of its population increased dramatically. In 1999, Yogyakarta's longevity rate (71 years old) was the best after the capital city of Jakarta. The purchasing power of its residents is also

among the highest. The conditions of the educational system are among the best as well. Two large higher educational state institutions, Sunan Kalijaga State Islamic University and Gajah Mada University, have prepared the ground for the establishment of numerous private higher educational institutions. Sunan Kalijaga State Islamic Institute (now a University) and Gajah Mada University were established by the government in appreciation for the role of 'Islamist' and 'Nationalist' leaders in the effort to liberate Indonesia from colonization. In addition, tourism and the high tradition of the Javanese Court of Mataram Kingdom play their part in improving the standard of living of the population. As an early supporter of Indonesian independence, the Yogyakarta Mataram Sultan, Hamengkubuwono IX, was appointed as the vice president of Indonesia during the 1973-78 terms early in Soeharto's presidency. This national political connection has boosted the opportunities of Yogyakarta in the economic arena. Even now, the governor of Yogyakarta (a post traditionally granted to the *Sultan* as the heir of the former Mataram kingdom) has powerful national connections. Along with Yogyakarta city, Sleman has become the most prosperous region as the volcanic alluvial of the still active Merapi Volcano causes most of its lands to be fertile with the help of technical irrigation in some of its regions.

The Yogyakarta Special Region (DIY) has successfully managed various government programs for alleviating poverty. In 1993 government funding for improving backward villages (*Inpres Desa Tertinggal*) in the form of a revolving grant of Rp.20 million for three consecutive years was effectively executed (90 %) in Yogyakarta. The next best program implementation after Yogyakarta was that

of the Bali province (87 %). This success was due to the remaining strong traditional values of cooperation and collective action in dealing with common conflicts. The moral character of this community was also a decisive factor in the success of the program. For this reason, the corruption and misuse of funds which had become an acute problem in other parts of the country was largely avoided. Customary institutions, non-government organizations and university institutions act as effective controllers and partners of government and communities in implementing the program. The high quality of human resources is also a factor behind the success. The high degree of communality and the self-help attitude influence the relative success of poverty alleviation programs compared to those in more urbanized areas.

The villages that are the focus of this research are located within the vicinity of Yogyakarta city. They are in semi-urban areas in the district of Sleman. Two villages, one about a kilometer from the central town and three other villages about 20 kilometers away are the focus of this study.

Figure 1: Map of Yogyakarta, Indonesia



Figure 2: Map of District of Sleman³ in Yogyakarta



³ The District of Sleman is shown in black in Figure 2.

4.6. Conclusion

The end of authoritarian government and the opening up of democratization led to the dynamics of people's participation not only in the political arena but also in social, economic and other sectors. With the loosening of censorship and ending of government repression, the community members were able to and, significantly, dared to express their opinions, interests, and desires. This in turn improves people's awareness on their rights on the development. When the government finally met the demands and needs of the people by implementing more rigorous policies on ending the problems of poverty, people were enthusiastic to be involved in the programs. The democratization process became a main key to open the door and lead people away from apathy and passivity towards a more participatory approach. This process then empowered the people to help themselves and others in ending the problems of poverty.

The previous programs of poverty alleviation have limited impacts on solving the problems of poverty. Despite their failures, there were positive lessons to learn from those programs. The next programs of poverty alleviation are able to improve upon the previous ones. The Green Revolution improved the economic welfare of the land-holding farmers while at the same time made the landless laborers and petty peasants poorer. However, after a decade of implementation, the poor could increase their living standard due to the opening up many

opportunities beyond the farms. This was partly due to the general rising of living standard in society, thus, making the ‘trickle down-effect’ somewhat work .

The other targeted poverty alleviation programs mentioned above, the IDT and the KDP, were able to improve the development and strengthen the financial capital of the poor in rural backward villages. The IDT, which focused on giving revolving loans to the poorest poor in poorest villages, was able to keep up the economic welfare of the poor. As the poor were obligated to form a group, the social capital of the poor was strengthened. The linkage and partnership, which were developed as a result of the group, in turn engaged the poor who were usually marginalized by the system or themselves. The network became another web of security in times of crisis. On the other hand, the *Kecamatan Development Program* (KDP) was able to develop infrastructures, mainly roads, bridges, and irrigation, which enabled the village economy to be competitive. As the link between production and market was well connected, the prices of commodities increased. This in turn improved the standard of living of not only the poor but also the general population in the villages which in turn made the local economy more dynamic which then opened up new opportunities not only in farming but also in other more profitable enterprises.

However, the structural and cultural barriers of poverty alleviation still impeded the success of the programs. The barriers included corruption and bribery, which made the economic activities distorted and public infrastructure was easily broken. To overcome these barriers, the government, community members, and other concerned people needed to work hand-in-hand to reform and develop people’s

attitude and culture as well as to solve structural factors that led people to remain in poverty. People can also monitor the government administrations to perform cleanly and fairly so that the government, with active participation of the people, can deliver its promises to improve the social and economic welfare of society.

Chapter Five: Findings - Structures and Process of Work

5.1. Introduction

Indonesia faces serious problems of poverty. To tackle this, the government launched many poverty alleviation programs. However, many of these programs have failed to substantially reduce the number of poor. The programs have rarely addressed the real problems of the poor because they were designed centrally, and policies were implemented without their prior involvement. Therefore, the programs have not met their needs. The poor often did not fully participate in designing and implementing the programs and these were usually designed using a top-down approach in which the central government occupied the main role. Instead of empowering, these programs were marginalizing the poor. To solve these previous top-down poverty alleviation programs, the post-Soeharto government launched new models of poverty alleviation programs which were more democratic and participatory. The grassroots were involved in many aspects of the programs such as preparing and establishing local organizations for poverty alleviation as well as designing, implementing, and evaluating the programs themselves. This chapter reveals the organization of the poverty alleviation programs and its values, such as good governance, democracy, participation, and accountability.

5.2. The Organization

The *Program Penanggulangan Kemiskinan di Perkotaan* (P2KP) enabled each village that receives funds to establish an independent organization run by representatives of community members called the BKM (*Badan Keswadayaan Masyarakat* or ‘Community Self-reliance Body’). The representatives themselves run the programs of poverty alleviation at the village level. It is a community organization funded initially and primarily by the Indonesian government through loans from the World Bank. As a community-based organization, only local people where the BKM was established can participate in and benefit from its programs. Other village communities may have their own BKM. The representatives of the village community democratically elect the governing board members who run the organization for three years before they are reelected or replaced by other members. These board members are volunteers who are not paid wages but receive a small amount of money as remuneration for their activities. These volunteers are not bureaucrats of the village, district or central government. They have independent policies based on the programs that are designed and implemented together with the community member representatives in the gatherings that were held for these purposes from the hamlet to the village level. As I observed and participated in these discussions, many people in the village where I conducted field research were very enthusiastic at preparation stages to establish and run the organization of poverty alleviation. These meetings

discussed factors related to the problems of poverty and how to deal with it. People also discussed the resources and potentials of the village in combating the problems of poverty. With the help of a facilitator who was hired to guide the villagers in performing steps in establishing the organization, the villagers scrutinized and critically analyzed the root causes of poverty from structural to cultural aspects and how to deal with each. People also mapped the public facilities and the poor families in the village. In fact, people even hotly debated the criteria of being poor as they found out that the government administration had at least two different standards for the poverty line: either it was based on BKKBN (National Family Planning Koordinating Bureau) which utilized a relative approach or it was based on BPS (Center for Statistical Bureau) which utilized an absolute approach. People then derived their own criteria about what it is to be considered poor in the village. For example, the village about thirty kilometers from the central Yogyakarta city where I conducted research utilized a combination of both approaches. For instance, they defined people to be 'poor' when they met some of these criteria: they do not have permanent housing, a permanent decent job, cannot pay school fees for their children into junior level, they are not able to eat three times a day, if they have a low income or if they are landless.

The BKM receives grants from the Indonesian government through World Bank loans. The fund is disbursed to villages where at least ten percent of the population is considered poor. The fund was primarily for revolving loans utilized for economic activities of the poor. The amount of funds given also varies

according to the size of the population of the village. In 1999, a village that has a population of less than 7,500 receives Rp100 million; a village of between 7,501 to 15,000 inhabitants receives Rp250 million; and a village of more than 15,000 inhabitants receives Rp500 million (P2KP Pusat, 2002, p.11). About 70 percent of the funds were disbursed as a loan to the poor who are required to make a group of three to five people. The remaining funds were utilized for developing infrastructure or given as grants to severely poor elders, scholarships for students of poor families, and other social programs.

In the Sleman district where the research was conducted, twenty-two villages were selected for the first phase of the project in 1999. After the program proved successful in these villages, ten other villages received funding. Compared to the programs in other districts, particularly in more urban communities where social capital diminishes and the standard of living is high, it is claimed that the programs in the Sleman District functions well. The government evaluates the program annually together with the foreign funding agency, the World Bank. Due to good results, according to the World Bank's assessment, the Sleman District received a reward of an integrated poverty alleviation package called Paket (*Program Penanggulangan Kemiskinan Terpadu*), collaboration among the government, the community, non-government activists, and experts in the process of solving problems of poverty in the community. Building solidarity and responsibility becomes the targets of the program.

The process of establishing this community-based organization of poverty alleviation lasts about one and a half years and navigates through different stages.

It begins by finding volunteers who want to be involved in preparing the organization. Through participation, the volunteers map out the problems of poverty in the society and design the programs to combat poverty that suit the people's needs. Then, they form organizations by electing members of the BKM governing boards. These boards elect full time, waged personnel in turn who can run the daily activities of the organization. Some organizations in small villages open the office for half-days or three days a week. In other more populous villages (meaning they receive more funding), the organizations open its office full-time, for five days a week. The offices mainly serve the groups of poor people who borrow money for economic enterprises. Other programs for society and the environment are each coordinated by one of the governing board members. The board members have the right to hire or fire the personnel who run the micro-credit, revolving loan programs. Based on people's design and proposals, the BKM executes the programs. The BKM board members meet regularly every week or month, depending on the size of the BKM.

The members of the organizing board are freely elected by members of the communities. The organizing board members should include women and other minority groups. With the help of experts and consultants as well as the community members, they design and implement the programs assisted by the community members in the village. The active collaboration of people and allies is part of an empowering process involving the grassroots level in the development efforts of poverty alleviation programs. These organizing board members then democratically elect a number of individuals (depending on the

size of the project/village and the amount of money) to run the day-to-day activities and oversee the implementation of the programs. These programs are designed and approved by the community member representatives as short, medium, and long term programs of poverty alleviation. Documents recording the poverty alleviation program plans of are produced annually or for two to three years. The people who run daily activities are categorized into three groups: the UPK (*Unit Pengelola Keuangan*) which run the revolving micro-credit operations, the UPS (*Unit Pengelola Sosial*) which implement the programs in social contexts such as giving small financial grants to extremely poor elders, scholarships for students of poor families, and other grants and charity activities, and UPL (*Unit Pengelola Lingkungan*) which implement the programs to improve public infrastructure particularly in the neighborhoods of poor families, such as local roads, bridges to connect different hamlets, and projects that protect the environment such as rain-absorbing wells to prevent floods and to preserve ground level water. As over seventy percent of the funds were utilized for the revolving micro-credit, the financial implementing unit (UPK) became the busiest unit among the three. In fact, the office of financial implementing unit (UPK) was always the busiest office in any BKM, even compared to the governing board office which opened when they needed to discuss certain issues.

To encourage the improvement of BKM activities, the government asked the organizers to upgrade the quality of BKM from the status and character of “capable” (*berdaya*) into “self-reliant” (*mandiri*). The first status as “capable” requires that the BKM possess four qualities. First, the BKM must become a

synergic organization which is trusted and rooted in the community using a collective model of leadership. Second, the BKM runs on the basis of its universal values and principles. Third, the BKM must be able to tackle the problems of poverty proportionally within its three components: environmental, social, and economic activities. Fourth, the BKM must be able to implement accountability and social control from the community members in its areas. These four qualities should be developed further into two additional characteristics to become “self-reliant”. The first characteristic is that the BKM is able to draw support from the local government by building partnerships with its poverty alleviation program. Second, the BKM is able to access various potential resources in the government, private institutions, banks, and others in the form of channeling programs; namely, those institutions help the BKM by channeling their funds and programs through the BKM (P2KP Pusat, 2005, p. 1).

During my observation, the volunteers who run the BKM in the villages I visited utilized collegial and participatory approaches. The previous structure that used the head of the organization was replaced with a coordinator who runs certain programs. However, a collegial structure is not easy to implement as the paternalistic culture in Javanese society is very strong. Members of the governing board still rely strongly on the coordinator (previously the head) to run the programs. Thus, the vertical structure of organization is still maintained, and should be replaced with a more horizontal, collegial structure. The transition from a vertical to horizontal structure is developing. The board members regularly held meetings to discuss the programs implemented and the problems that occurred

daily. They also regularly held evaluations as accountability forums in front of the representatives of the community members: the leaders, minority groups and representatives of women groups. These annual forums evaluate the programs of poverty alleviation run by the boards that were assisted by implementing bodies in revolving microcredit loans, social aid programs, and protecting environment or infrastructure development. The degree of depends on the size of the population where the BKM existed. The more populous the organization, the busier they are because they have more funds to loan to the poor and to disburse for developing and protecting social and environmental infrastructures and activities.

The BKM has four goals. First, it develops the basic infrastructure of housing and community neighborhoods. Second, it aims to increase the income for both the old and new poor particularly those victimized by inflation, economic crisis, and unemployment. Third, the BKM establishes organizations under a collective leadership which represents the community, utilizes egalitarian, inclusive, responsive, and accountable manners, and delivers services to the poor communities. Using democracy and participation, the organizers involve the poor in the decision-making process of the poverty alleviation programs. Fourth, it strengthens local agents such as the government, corporations and allies (concerned individuals) to contribute to improving the lives of the poor (P2KP Pusat, 2002).

The community members should elect the organizing board members on the basis of their trustworthiness and not merely on their social status, experience and position. Thus, many volunteers do not have previous experience in

implementing programs of poverty alleviation. Their motivation and concern on ending the problems of poverty become the main criteria for their appointment on the governing boards. For these reasons, many coordinators of the boards are informal leaders and teachers who are trusted by the community representatives. Their fairness aims at making the loans and other social and environmental activities benefit those who need the most facilities and financial resources. This does not mean the organization should distribute loans or services evenly to every poor population. Instead, the poor receive services on the basis of their individual needs, trustworthiness and accountability. Those who can re-pay loans and better develop their enterprises receive more funds and support. However, according to my observation and compared to some established non-government organizations which have experienced members involved in the poverty alleviation efforts, the inexperience of the governing board members results in an inability to have a broader and long-term vision for eradicating poverty. They are trapped as solely agents for disbursing government loans without comprehensive strategies to substantially alleviate the problems of poverty.

For example, compared to NGO facilitators, the organizers elected for the poverty alleviation programs for the BKM are not specifically trained in poverty alleviation efforts. In my observation, I have noted that workers for the BKM are local residents, often having another part-time job, such as being a teacher or trader. Their knowledge of the poverty alleviation program is not sophisticated. That is to say, NGO facilitators may have specific knowledge to help the poor by assisting them to create improved agricultural activities, such as bio-gas from cow

manure. The local residents employed by the BKM may not have this knowledge. However, they are trusted by the people to provide financial aid.

The facilities that are needed by the local population are the most important to be built. Some communities regard rain-fed wells as the most precious programs to conserve the ground-level water table and to prevent local and regional floods. Equality means that the decision-making process on who should receive funds and which areas need to be developed is not decided upon the basis of favoritism and closeness. It is non-discriminatory before the pluralism of ethnic origins, religious, status, gender, and other factors. The last value that the organizations have to perform is togetherness in plurality. It means that the volunteers need to draw optimal support from a variety of community members on the basis of togetherness and unity. The support of various ethnic, religious, occupational, and other backgrounds aim at tackling the problems of poverty as a communal business. The problems of poverty alleviation are not only the jobs of the poor, the government, and the volunteers in the organization but also the concerns and contributions of the general and wider population (P2KP Pusat, 2005, p. 10).

In establishing an organization, the community members are facilitated and guided by a team of consultants and village facilitators (*faskel*). These consultants guide the community members to implement the preparation stages of establishing the organization. The facilitators closely monitor and motivate the establishment of the organization at the grassroots level. The community members themselves propose and design the programs that suit their own needs

and priorities. Limited funding requires them to be prudent in choosing the programs that produce the best results for the local population. To run the programs, the organizers build a partnership with the local people who provide the manpower and resources to support the meager funds provided by the donors. The organizers also seek partnerships with other institutions and individuals including banks, corporations, and scholars. Partnership and synergic relationships between people and the government are maintained.

5.3. Good Governance

Good governance becomes a vital component in alleviating poverty in the P2KP. By using good governance, the BKM organizers utilize resources to combat the problems of poverty together with the people in efficient, transparent and accountable ways. The organizers seek to collaborate and coordinate with the stake-holders of poverty alleviation including the poor, the allies, and the government. Transparency and accountability of the government in implementing the program of pro-poor development contributes in accelerating the development. Good governance is the key to end poverty. De-bureaucratization of the process of development makes the poor less prone to the corruption of the bureaucracy by giving licenses and other permits that contribute to prospering the economic activities of the poor and nearly poor populations. For example, by helping the poor to easily and cheaply register their land and other resources, the poor can seek additional financial capital with which to enlarge their business activities.

The interested parties in the poverty alleviation organizations such as community members, consultants, government, and allies, must implement the universal principles of good governance: for example, democracy, participation, transparency, accountability and decentralization. These principles guide the process of poverty alleviation. They become the basis for egalitarian methods, in which the poor and the people helping them conduct themselves. These principles actualize the poor as their voices and concerns are not only heard but are also included in the process of planning and implementing what amounts to their programs. These principles are an opposite departure from previous approaches of poverty alleviation which were centralistic and paternalistic. By implementing the principles of good governance, the poor become the subject of development, instead of its object. Decision-making on public issues and policies utilizes a collective and democratic process. On the whole, good governance allows the community members to establish a representative organization which applies acceptable, inclusive, transparent, democratic, and accountable approaches (P2KP Pusat, 2002, p. 3).

5.3.1. Democracy

Democracy is implemented in the process of decision-making and the election of governing board members of the organization. The community members elect trusted figures that can manage and organize activities related to reducing poverty based on their role and achievements in daily life of local

villages. Minimal electoral democracy at least counts the voice of the previously voiceless poor in an undemocratic system. Full democracy in many aspects of society actualizes the voice of the poor and concerns are not only heard but also embedded in the process of development. Their experience and expertise in living in destitute and modesty as well as in surviving hard social, political, and economic conditions become valuable assets in designing and implementing the programs suited to their conditions, priorities, and needs.

In a democratic system, people are responsible for their choices whether good or bad and people are made aware of their power. Their choices parallel the up and coming condition of their own lives and those of others. Before establishing the BKM, the community first holds a series of discussion forums. Then, they choose volunteers to manage the organization that implements the poverty alleviation programs. The forum discusses the problems of poverty in the village and maps local natural and human resources that can support the effort against poverty. They then design the program of poverty alleviation and elect other volunteers to organize the programs.

Representatives of community members freely elect the organizing boards for the management of poverty alleviation. These board members are elected from the members of the community. The election is based on people's perception of their characters such as trustworthiness as well as on their ability and capability to manage the organization. Minority groups and women as well as the youth are represented as board members. They are also involved in the process of designing and implementing the programs as volunteers. Annually, the board holds a

general meeting to report on their programs and seeks evaluation from the invited representative community members. I attended two of the meetings which reveals the awareness, positive and constructive criticism of the representative of the community members to the organizing boards who run the organization of poverty alleviation. The meetings also discuss the next programs and reformulate the continuation of the previous programs according to the evaluations of the people. After three years, the representatives of the community members elect new board members or reelect the previous ones.

Democracy in electing the board members minimizes if not eliminates the misuse of power as in the case of undemocratic leadership. The control of the people enables the governing board to account for what they implement. Democracy also minimizes corruption as the people are able to scrutinize the work of the board members and their organizing bodies. Moreover, democracy attracts people to participate in decision-making and collaborate in program implementation. Through democracy, people are able to elect the best and trusted figures to manage the poverty alleviation organization. Thus, democracy guides the organization in two ways: the election of the governing board members and the process of decision-making and implementing poverty alleviation programs.

In fieldwork, I observed that people elect the organizing board members. Also, people participated in the process of the annual board meetings in two different villages. People are concerned about the sustainability of the program, as some are unable to repay the loan. They also discuss other problems relating to

poverty in the village, such as methods of garbage collection. In addition, participants suggest ideas for the program for subsequent years.

5.3.2. Participatory

Participation at the grassroots level in the process of poverty alleviation efforts comes in various different forms such as group discussions and implementation of the programs. People engage in a series of focus group discussions (FGD) to talk about the issue of poverty alleviation. The discussions include mapping community resources and potentials (*pemetaan swadaya*). In these discussion forums, representatives of community members from the hamlet level of the village critically discuss the root causes of poverty from structural to cultural factors. They then criticize and deconstruct the existing faulty beliefs of the causes of poverty that blame the victims (i.e. the poor) by labeling them as lazy and stupid. The various optional solutions as well as the strength and resilience of the community members in handling the everyday problems of poverty are analyzed and criticized to make a way for a more prosperous community. People's commitment and capability as well as their economic and social capitals are also scrutinized. Other positive traits and traditions are highlighted to boost the spirit of people in combating poverty (P2KP Pusat, 2002, p.7).

In the case study that I examined in the Indonesian context, the 'new' approach implemented in the *Program Penanggulangan Kemiskinan di Perkotaan*

deliberately included the participation of villagers, academicians and activists from non-government organizations. It is argued that participation can ensure the success of the program since it depends on as many people as possible being involved in the planning and implementation. People who were previously perceived as the ‘objects’ of development have taken on the role of collaborators and ‘subjects’ in development aimed at improving their economic and social welfare.

In FGD forums, people from various segments of the community including the rich and the poor as well as women and youth discuss together the causes of poverty by reflecting on the structural and cultural factors behind poverty. With the guidance of the consultant, they ask about and investigate its root causes. Initially and generally, the people will blame themselves, thinking that poverty is caused by laziness and foolishness of the poor. Then, the consultant immediately questions their belief: Is it true that poverty is caused by laziness of the poor? Many people have to walk 10 to 20 kilometers to sell their limited goods and products only to receive a limited income from these activities. They are working hard, but the reward is minimal. The discussion aims at making people aware and conscious (*penyadaran*) that many factors contribute in making people poor.

I participated in the process of establishing the organization in one of the villages. I observed that people are enthusiastic in discussing the problems of poverty in the area and how to solve them. I even witnessed a woman carrying her daughter participating in this discussion, although these take place mostly in the

evening. These people are elected as a representative of their hamlet for their capacity to voice their concern and ideas. However, the very poor seemed to be excluded in these discussions. The representatives of youth were also represented in the discussion process.

Strategies to change the community can be a two-way process, such as imitating and practicing what has been done successfully by certain pioneers. Improvement is a result of people's reception to information and skills that experts teach them. Another approach is participatory. People sit together to discuss their own problems and brainstorm to find a solution. The genuine collaboration and participation of the people in a series of discussions ensures that people's ideas, concerns and problems are catered by the forum and that possible solutions have been achieved through people's participation and involvement. People feel that the plans and solutions belong to them and are produced by them so they have solidarity and responsibility to implement the programs that they have planned. The effective solution drawn from people's ideas will be realized as people as equal partners contribute to the discussion about the program. They are consistent in implementing the planning that they have produced. Sharing ideas and experiences as well as common problems and collaborated attempts to find solutions enhance the capacity of building common awareness of each other's problems. The discussion forums can also strengthen people's social capital by strengthening their mutual trust and widening their network.

The top-down, bureaucratic approach to development that has been implemented so far has failed to bring about prosperity among the general

population. It is therefore imperative to introduce a bottom-up development that is more participatory-oriented. The government and donors try to engage the grassroots in the process of planning and implementing development. This experiment is perceived as more viable to succeed as people are motivated to do what they like to do, to seek solutions to their own problems, to be responsible concerning issues that touch upon their own life situation, and to make their own choices towards what constitutes the best policies and implementation for them in accordance with their own experience and resources. This approach brings about social entrepreneurship among both the local elite and the lay population, and strengthens a sense of communality as well as helping people work together. The approach also allows the linkage and partnership among the components of communities to flourish, such as between formal and informal leaders, between the rich and the poor, between the employer and employee, and between the elite and the masses. This approach is empowering as people are trusted to craft a program that constitutes the best for improving their social economic welfare. Public-private partnership helps local inhabitants become more powerful in tackling their problems of poverty. In general, in a participatory approach, the poor are partners in development. They are no longer perceived as objects of development but the subject of their own fate and future. The top-down approach loses its momentum and values and is replaced by a more participatory, grassroots engagement, and thus becomes a bottom-up process of development.

Every activity in the organization employs a participatory approach so that people have a sense of belonging to the organization. Participation becomes a

learning process of collaboration. Decision-making involves community members in every phase of development such as generating ideas, planning, organizing, [‘fertilizing resources’ doesn’t seem to fit in the list]implementing, evaluating, developing and preserving. Participation means involving all members of the community including the vulnerable groups who rarely have access to local programs and activities (P2KP Pusat, 2002, p. 3). However, “many elders are reluctant to change due to their already privileged condition” (G.2). To solve this, the elite and the poor should build a strategic partnership towards a more prosperous community together. To improve the prosperity of the poor does not require big and expensive efforts. The poor are in the habit of modesty. They need a little bit of encouragement, engagement and financial help to help themselves. Improvement of skills and building knowledge are longer lasting in equipping them to bury their problems of poverty in favour of prosperity.

From my observations, the organization held regular meetings such as the RKM (*Refleksi Kemiskinan Masyarakat* or “Reflection on community poverty”), and meetings for the election of volunteers and also for designing medium-term (lasting 2 years) programs of poverty alleviation. The organizers tried to connect partners such as community stake-holders including government officials, academic experts, corporate and business activists concerned about poverty alleviation.

People attack the problems of poverty by using a collaborative approach. Solving the problems of poverty becomes the concern of everyone, not only the poor. It is the responsibility of every member of the community cutting across

religious, ethnic, gender, and other backgrounds. It is inclusive, involving a diverse background of community members (P2KP Pusat, 2002, p. 4). The processes of generating employment and income are accomplished using a bottom-up approach of various colours of societies. The inside-out approach of development enables the poor to feel more confident in their ability and capability to solve their common problems.

Various segments of the population are involved in the process of preparation; the elderly and the youth, men and women, Muslim and minority groups are all represented. The more representative the group, the higher the chance that an organization will receive funds. The World Bank and the Indonesian government encourage the participation of women at every level of organizational activities. People from various professions such as farmers, petty traders, civil servants, and professionals are also encouraged to be involved in the process of poverty alleviation. To ensure the program benefits the most people, discussions are held on the priorities of the programs, whether these priorities should be for a short, medium or long term period. People thus gain a sense of belonging to the implemented programs as they themselves formulated and contributed to their dissemination.

With participation from community members, the BKM designs annual and three- year plans to eliminate the problems of poverty in villages. It is a forum to implement policies and programs related to poverty alleviation in the local arena. It has a mandate to encourage people to solve their problems of poverty by enabling them to improve their social and economic welfare. The BKMs in the Sleman district have established a forum to collaborate and coordinate their programs and learn from each other's success stories. The BKM run the programs to assist the poor in developing their productive activities. They disburse low interest micro-loans for productive enterprises (P2KP Pusat, 2002, p.11). The board of directors administers full-time accountants who run the

economic activities (UPK, *Unit Pengelola Keuangan*) to take care of micro-credit.

Community members discuss together annual and medium-term (three years) planning of the poverty alleviation programs according to the need, priority and potential of the community. They implement these programs to improve the community's productive activities as well as to encourage people to establish new enterprises in accordance with their capacities and capabilities as well as opportunities and potential. Establishing and enlarging small enterprises, reconstructing roads, irrigation systems, bridges and other public infrastructure facilities that can help the local economy flourish, building and fixing housing, and social development activities of the community can be among the main activities chosen by the people through various deliberate and participatory discussion and consensus building. The funding for building and fixing public infrastructures comes not only from the Community Self-reliance Council (BKM) but also from generous grants by various individual, government and private institutions that are concerned with ending poverty. The contribution of manpower also comes from the poor who can offer limited financial contributions. By giving what they can ensures that the poor also have sense of belonging to the program. When they are included in executing the program, the unintended positive result is that their sense of marginalization is reduced to almost zero. The most destitute members of the community are able to contribute in their own ways in developing public infrastructure that can make the local economy more dynamic (P2KP Pusat, 2002, p.8).

Allies (*kelompok peduli*) become the backbone of the BKM activities. They facilitate and motivate people in establishing independent organizations in each village in order to tackle the problems of poverty at the village level. They depend not only on the funding of the World Bank, which is their main contributor, but also other institutions through programs that they call “channeling”. Channeling is collaboration from government officials and individuals as well as private enterprises and universities which are concerned with eliminating the problems of poverty. Community members are strengthened when their bonds of trust, shared values, and mutual obligations are also reinforced.

Power-sharing between the elites and the grassroots maximizes the participation of the people including the powerless population. This sharing of the power from the powerful to the powerless increases the trust between the two groups so that collaboration in social and economic activities develops well. Working together and helping each other become the foundation of community prosperity. A combination of funding from the government and support from the community hastens the realization of programs. Limited financial resources from the government encourage people to contribute whatever resources they have: the wealthy individuals contribute financially, while the poor contribute their muscle. This collaboration becomes the backbone of community development. This approach makes people humanized and respected. People’s involvement in the process of development strengthens their self-belonging to the program so that, in turn, they contribute to protecting the sustainability of the programs. People’s

involvement and management of the programs minimizes corruption and mismanagement. People can evaluate the transparency and accountability of the programs by actively participating in the process of decision-making and implementation. Full participation of the people ensures that the process of development is more fruitful.

Using a bottom-up approach, people participate in designing the programs. The establishment of special organizations to tackle the problems of poverty mainstreams the concerns and opinions of the poor. Their voices colour the decision-making process and the implementation of the program. This is in contrast to previous top-down approaches that usually marginalize the opinions of the poor.

The collaboration and participation of the people help the government in implementing its developmental programs. The financial and other kinds of support enlarge the scope of the programs so that more people can benefit. This is because the people's involvement curbs the corruption that often impedes the success of the programs. In addition, people improve the realization of the program by protecting and maintaining the infrastructure of the programs they build. Participation also prevents mismanagement of the program. As the people themselves propose and own the programs, they contribute in making the infrastructure last longer. Thus, people guarantee the sustainability of the program. Roads, irrigation systems, and other infrastructure built with people's participation benefit the people for the long term and so they help in protecting and caring for this infrastructure.

In addition, the poor's self-esteem increases as they engage and involve in the process of development. Their pride improves as they are trusted to contribute to the development process. This democratic process of poverty alleviation attracts people to lend their support. Various segments of the population such as the poor, the disabled, and women voluntarily help to make the program a success. People's involvement in the process of development helps the programs run smoothly. Collaboration between government officials and the grassroots hastens the attainment of the goal to reduce poverty. Problems of poverty need to be tackled together. When departments work individually without consulting and coordinating with others, interconnections between various programs rarely happens. The implementation of the programs often overlaps and discontinues. The priority and core problems of poverty are neglected. The big picture of development in alleviating poverty did not exist beforehand. Without extensive mapping of poverty problems, it is difficult to solve them; indeed, poverty is a big problem that needs to be tackled interdepartmentally and comprehensively. Working together instead of working alone is the key to the program's success. When each department works by itself without consulting and coordinating with other departments, interconnection among various programs will not exist. A comprehensive approach on attacking the problems does not become the policy. As a result, overlapping and discontinuous execution of the program and neglecting the core problem materialize. Negative rather than positive impacts of the development process in alleviating the problem of poverty remains. Without

the larger map of the problem of poverty and tackling them comprehensively, the problem of poverty will remain for a long time.

5.3.3. Transparency and Accountability

To curb the corruption that is rampant in government bureaucracy, the donors channel the funds directly to the organization. Previously such money had to be sent through a government financial account, which often did not send all the money to its intended recipients. To prevent this diversion of resources, the donors transferred the funds directly to the people. In turn, the organizers who received these transfers had to report on the usage of the money thus providing accountability and transparency to the stake-holders, the government and community members. They also were required to publish their activities and hold annual and three-year assemblies to evaluate and elect the new organization board members.

Transparency and accountability govern the process of managing the organization and activities so that the community members institutionalize responsibility in the decisions and activities that are taken. The organization opens up internal and external evaluations from community members as well as state and public auditors. The organizers also publish these evaluations in the media, which can be accessed by community members, the government, and the donors. Transparency requires that the organizers publish the details of the programs that are and will be undertaken (P2KP Pusat, 2002, p. 3).

To facilitate accessibility, the BKM maintains an open office on a regular basis that is available to community members. To be transparent, it publishes its activities on information boards in the office. They also publish the information concerning the projects such as upgrading roads so that people know in advance what kinds of improvements that the BKM would like to collaborate with the people and how much the budget provides.

The organizers also announce what programs and projects are undertaken with the collaboration of the people. This open management of projects and programs creates a level of trustworthiness for people. People become aware of the budget and the plans for the programs. People can then evaluate and control the program to prevent mismanagement. With the participation of the people in the programs, the efficiency and effectiveness of the programs are augmented. With transparency of the budgets, the general public can monitor the quality of the programs. The programs are the priority of the people as people collaborate not just in choosing and designing the programs, but also in contributing to the funding of the programs through manpower and other assistance. People voluntarily contribute towards ensuring that the poverty alleviation programs are accomplished, since they know how much money the organization has available to assist the programs. They are also willing to contribute as they realize the significance and benefits that they will receive as the programs are realized. The contribution of the people enables them to know the budget of the organization.

This is a new way to open the process of decision-making and to publish the budget to community members. In my observation, the organizers publish their activities through various approaches. In the office, they publish reports of accomplished programs with photos and stories of success. In projects such as building or repairing roads, the project officers announce how much the budget is and the quality of the development. This is a novel approach to development to prevent mismanagement and corruption of the implementation of the programs. To evaluate the transparency of the budget, the organizers hired a public accounting company to audit the budgets that are utilized by the organization. The organizers also have an obligation to report their programs and activities including their sound budgets to the government and the donor, the World Bank. The transparency of the programs is also monitored directly by the community members via their representatives at least annually through general meetings of evaluation and reports. A comprehensive evaluation is also held every three years when the board members are evaluated for their performance. When their performances are not satisfactory, the representatives of the community members may vote to replace that board member. The organizers are held accountable to the people for what they are doing.

In one of the BKM organization offices, the poverty alleviation program that had been implemented was displayed on a signboard with photographs and a summary of their activities. This enabled the public to access the information regarding the program, therefore enhancing the accountability and transparency of the organization.

5.3.4. Decentralization: Community Poverty Reflection (RKM/*Refleksi Kemiskinan Masyarakat*)

Decentralization benefits the people as the process of decision-making involves the community members so that the outcome of the programs meets the needs of the wider population (P2KP Pusat, 2002, p. 3). Planning the programs of poverty alleviation includes several steps. The effectiveness and workability of planning can be enhanced by learning from previous successful solutions to similar problems. The planning can also learn from previous failed programs to avoid making the same mistakes. The solutions that have been applied in different situations and places can be applied as possible solutions. The compatibility and applicability of the planning within the potentials, skills and capabilities of the people are also considered. Then, it is necessary to reformulate and reevaluate the ideas proposed by the community to find the best and most applicable solution to the local problems. The ideas are then formulated and prioritized through short, medium, and long-term program implementation.

The process of planning the programs of organization is often long and difficult. However, this process contains educational aspects. It educates people on how to collaborate, to share and to dig deep into their own potentials, resources, and resilience. The process also empowers people because they are positioned as the subject of development; they are the real actors in their own situations and the main contributors to solve their own problems. They change their character from hopeless to hopeful, from helpless to helpful, from powerlessness to powerful,

and from careless to careful. They transform themselves from being disconnected into a greater level of concern and involvement. Essentially, they move from being the object to becoming the subject of their own problem-solving development. They become more responsible for their own decision- and policy-making. To implant this type of critical awareness in people is a long process of discussion, reflection, and commitment. The planning considers the compatibility and suitability of proposals to the local conditions including culture and climate. Every year, the organizers assess and evaluate the criteria for poverty, hold discussions on poverty, and map the power and self-reliance of the community. The focus is the sustainability of the program by maintaining a low risk of non-performing loans.

One of the steps before establishing the organization for poverty alleviation is that the representatives of community members hold discussions on the reflection of poverty. They discuss the issues of the sources and the impacts of the problem of poverty. They debate vigorously on both structural and cultural factors that hinder people from escaping poverty. They also argue about the criteria of being poor according to local conditions including the inability to provide themselves with a decent meal three times a day, the inability to own a healthy permanent shelter, the inability to earn an adequate income to support themselves and their families and to support their children to attain to the minimum of six years of primary education. In other words, they have full freedom to define what constitutes poverty in their community. However, people

often ignore the inability to defend themselves from various threats due to powerlessness as one criteria of being poor because it is more abstract.

During my participation in discussions in the villages, I noted that the participants did not touch upon the issue of macro and global economy that influenced their situation. Instead, they focused on the local conditions of the village. Some criticized the structural factors that lead to poverty but did not deeply scrutinize the policies of the central government that had a negative impact on their lives.

5.4. Approaches

According to the private consultants who assist the community members to establish the BKM, the World Bank encourages the local inhabitants to design their own programs of poverty alleviation according to their needs and conditions. The proposal, design, and creation of the organization for poverty alleviation are achieved through voluntary discussions and democratic elections. Many community groups including women and youth are involved in the process. The implementation and delivery of the program are transparent, as the organization needs to evaluate its activities using public and private accountants. To curb corruption, the donor transfers the funds directly to the organization instead of the regular practice of channeling the money through government bureaucracy. Thus, corruption and mismanagement of the organization can be held in check. To launch the steps in establishing an organization, consultants and facilitators assist the community members.

5.4.1. Voluntarism

Volunteers assisted by a facilitator hold a series of meetings to discuss and design the programs of poverty alleviation. The volunteers are selected from various segments of the population. They guide and motivate the people to participate in the activities of the organization. The representatives of the village are elected to manage and administer the organization. The organizers are elected for a three year period through democratic and participatory approaches (P2KP Pusat, 2002, p.8).

People elect volunteers on the basis of their good character and behaviour. The volunteers are trusted. Thus honest character is more important than their level of experience and skill as the consultant argues that the learned and skillful people without sound character can easily deceive and fool the community members. Trustworthiness is preferred over higher social status, experience and skill. Other characteristics include sincerity, honesty, justice, equality, and mutual work in an inclusive society. Volunteers must have openness in revealing what is their involvement in programs and activities in the organization. They partake in organizing poverty alleviation because of their deep concern regarding solving the poverty problems above other motives such as material rewards.

Volunteerism is always present in people's minds and attitudes. This worthy value strengthens people's awareness towards their surroundings and environment. Philanthropic attitudes, civic associations and engagements colour the lives of the Indonesian population, particularly in the rural and more closed communities. Volunteers entice motivation in the society. Together, they put into

action in the development efforts. With the help of academic experts, organizers, donors, and other components of society, they bring about prosperity amidst scarcity. This trial and error process of development hits the hardest rock of innovation and discovery. With the establishment of new business enterprises and the development of the former ones, people are able to work together with their relatives, friends, and neighbors, as well as other allies who are concerned about their condition. Volunteers are honest, capable, and transparent in working together with the grassroots population in bringing about change for improved conditions.

The volunteers are expected to have values of honesty, trustworthiness, fairness, non-discrimination, and be able to work collaboratively with others. Honesty means that the volunteers run and implement the programs of poverty alleviation transparently. They promote openness by not concealing and covering up the information, or manipulating and corrupting the procedures that cause the poor to suffer from active participation in these programs. They run the organization on the basis of the mission, vision, and goals of poverty alleviation programs (P2KP).

As I observed in the villages, people were enthusiastic about volunteering as a way to contribute to their community and the society. Of course, they also have the personal benefit of having greater access to the program itself. In general, the local people already had a tradition of voluntary activities, such as constructing roads together in their neighbourhood and sharing their resources (i.e. irrigation systems).

5.4.2. Empowerment

The BKM's mission is "to empower community, especially the poor, to solve the problems of poverty by building capacity, providing resources, and establishing synergic partnership between the community and local developers" (P2KP Pusat, 2002, p. 3). The BKM has two approaches to strengthen people's capability to help the poor in fighting the problems of poverty: community development and financial assistance. Community development is achieved through a series of activities from rejuvenating and building critical consciousness of the community over the problems of poverty due to both structural and cultural causes before uniting them into an organizing force. They design the programs that link and interconnect their resources and needs. The process of designing policies is through deliberate and genuine focus group discussions from the hamlet to the village level to arrange short, medium and long term programs of poverty alleviation (P2KP Pusat, 2002, p.7).

Before receiving funds, the poor organize themselves in groups of three to five individuals called KSM (*Kelompok Swadaya Masyarakat*) or Community Self-Reliance group. The group acts together as collateral for the loan. The organization promotes the process of self-empowerment by motivating and facilitating the groups to develop their productive activities. To strengthen empowerment, the organization gives them productive means summed up by the well-known phrase, 'the hook rather than the fish.' Giving tools, skills education, funding, and other means for solving the problems of poverty is better than giving

a small amount of money that often vanishes quickly from consumption. To prevent over-consumption, the government facilitates the people in opening up new productive enterprises. They should first submit proposals for poverty alleviation programs and activities.

People's participation to design and implement the program is empowering. The bottom-up instead of top-down approach empowers people at the grassroots level to draft what they require. They have a bigger role in designing and instigating the program. Furthermore, their participation in the process of proposing and delivering the program motivates them to do better. Unlike previous programs that are designed centrally by the elite bureaucracy, this approach involves the people through dialogue and discussion. The local people decide among themselves what constitutes the best program for them and what they need the most. Importantly, local potential, local priorities and concerns, and local needs become the basis for the programs. The bottom-up, pro-poor, grassroots-friendly approach to development accelerates development following the political transformation in Indonesia from authoritarian to democracy after three decades of authoritarian rule.

Empowerment strategy replaces a top-down approach that mostly failed to improve people's social and economic welfare. Certainly, an iron top-down approach discourages people's initiative. This approach minimizes any critical awareness to the government's method of development, making recipients passive in government programs. In such cases, the people are the objects rather than the subjects of development. Local initiative and creativity stopped, as the

government was afraid of any criticism. The previous paternalistic approach put the central government as the ultimate guru that knows everything about the process of development. By involving the local people, knowledge, ability and skills of the people improve as they try to improve themselves along the way. Once given trust and full responsibility, the masses seek every opportunity to improve. By discussing among themselves, they try to disseminate what knowledge and experience that they can offer to each other. People become the central aspect of the activities, and the government officials take only a partial role as facilitator and motivator. People help each other in moving together out of poverty into prosperity.

The paradigm of the poverty alleviation program is to help the poor alleviate their own problems of poverty. The organization facilitates the community members to help each other. They achieve this mutual help through various methods and strategies. Encouraging people to take realistic risks increases their potential and capability to improve. The assumption that the poor were afraid to take risks was a correct one, but it is because they do not have any income or financial reserves from which to survive in times of crisis. The government helps them by facilitating people to open new markets for their commodities and products.

Empowering the poor constitutes the best approach in motivating them to end their suffering. When they have their own freedom to choose what enterprises they want to set up and what commodities they want to produce, they feel liberated. It is empowering to have freedom to choose one's own future. By

giving financial capital as well as improving knowledge and skills, people enhance their confidence to open new enterprises and broaden the scale of their old ones.

5.4.3. Group-lending (KSM, Kelompok Swadaya Masyarakat)

The strategy that the BKM employs to solve the problem of poverty is a “community based development approach” (P2KP Pusat, 2002, p. 6). The groups that are formed are based on some common concern as well as shared goals and activities. The members of the group live within a close distance of the same neighborhood. The groups strengthen social capital, which trust among community members, mutual help, collaboration and partnership. They share their experiences and skills to enhance their capacity to develop their productive activities. Unity, togetherness, mutual help, solidarity, and other traits can make the organization more dynamic. Mutual help, care, and learning arise during the process of socialization and gatherings. The power of unity among the have-nots, the have-littles, and those who have can strengthen the groups by a mutual aim towards common goals. The group can also act as a loan collateral such that each member of the group is responsible to pay the loan on time. Improving self-reliance and financial capital as well as enhancing the capability to repay loans and to develop productive enterprises can be positive outcomes of groups.. A “collective approach” (*gotong royong*) has always been taken to solve the common problem of poverty such as neglected elders, children, and other marginalized members of community. The group and organization regularly hold

meetings to discuss the solutions of the problems and to design activities to improve the social and economic welfare of community members (P2KP Pusat, 2002, p.6).

The group can borrow up to 30 million Rupiahs. During my field research in 2005, in average the group received between 500,000 to 2 million Rupiahs depending on their borrowing records. The better the record of repayment the bigger the amount of money they can borrow. Group members provide the collateral for the loan. The function of the group is to strengthen the sense of belonging among the people. Collaboration and partnership among group members helps to improve the economic activities of the people. Positive competition in various economic activities triggers the development of the enterprises. The repayment of the loans is coordinated through the coordinator of the group. However, when one or more of the group members fail to pay loans on time, the unity of the group is endangered. When problems in the group emerge such as one of the members mismanages the collected funds and the members cannot resolve them, the group breaks up. Other members of the group can form a new group. The members who have non-performing loans cannot participate in further loans unless they pay their previous loans.

5.3.4. Partnership

The organization's vision is that "the community is able to develop synergic partnerships with various individuals, institutions, and corporations for solving the problems of poverty independently, effectively, and continuously"

(P2KP Pusat, 2002, p. 3). In its activities, the BKM is able to link with other institutions that are concerned about alleviating poverty through a channeling program. This program seeks to assist the BKM in drawing support from many different institutions, not only from the government but also from private individuals and corporations that run programs for corporate social responsibility as well as from higher learning institutions. The BKM earns the trust of these investors, as the organizers are trusted to implement programs for poverty alleviation. The partnership is also with individuals who, out of a sense of solidarity, have the ability to help their fellow human beings. Academic institutions, which are abundant in the Sleman District, have also acted as partners in this effort.

The BKM builds partnership with the government bank to support micro-credit programs. It also encourages rich individuals to contribute. For example, the channeling program has been successful to persuade Bank Rakyat Indonesia (BRI) to train 800 BKM accountants to serve in the micro-credit program. This improvement contributes in strengthening the BKM as a micro-credit institution at the village level so that, in the long run, the BKM can also draw support from other banks. The BRI and other banks can channel their funding through the BKM throughout the country. The financial support from conventional banks, particularly the BRI, enhances the function of the BKMs in their attempts to provide service to the people in alleviating poverty and eliminating hunger. The channeling program motivates the BKMs to earn the trust of community stakeholders. The BKM in Sleman, for instance, successfully built a partnership with

the Astra Corporation through its corporate social responsibilities programs. These programs train local villagers to upgrade their mechanical skills. The Astra Corporation then provides the successful participants a certificate to seek and open related jobs. The BKM helps in selecting and recruiting the poor who can participate in such programs.

Partnership strengthens the organization. Cooperation among three components of society, namely, the government, the community, and private enterprises improve the credibility of the organization. This cooperation unifies a common vision to assist the poor in its middle term planning of poverty alleviation program (PJM *Pronangkis*). This planning becomes the starting point for implementing the program. Partnerships also occur between the BKM and village government officials to synchronize the poverty alleviation programs in the village, which prevents any overlap. Instead, the priorities and needs of the grassroots become the main concern. The allies work together to solve common problems of poverty. They also guide and facilitate the process of establishing independent organizations in each village.

Partnerships between the government and community organizations become sources for common welfare. The partnerships can help thousands of low-skilled poor to improve their skills so that the opportunities may be widely available to them. They are also able to access modern institutions like banking and other credit facilities, in addition to improving their business and production management.

Partnership among various components of society and the government has become a focal point of the program's success. To implement programs related to infrastructure, for example, the organization develops a partnership with the Department of Infrastructure within the government. The local bureau of regional planning helps in coordinating strategic partnerships with the government, NGOs and universities. Through the BKM, the Indonesian Department of Labour also provides fellowships for the poor to upgrade their skills.

The channeling program attracts the state enterprise of Bank Rakyat Indonesia (BRI) to train accountants for 800 BKMs throughout Indonesia to have an efficient and a good standard of accounting to help improve and grow the micro-lending program. This improvement in skill can be beneficial to enlarge the BKM as a micro-credit institution at the village level so that in the long run, the BKM can draw and cater support from other major conventional banks. The BRI and other banks can channel their funding through the BKM throughout the country. The financial support from conventional banks, particularly the BRI, will enlarge the existence and function of the BKMs in their attempt to serve the people in alleviating poverty and eliminating hunger. The channeling program strengthens the BKM's trust from among community stake-holders. The BKM in Sleman has successfully built partnerships with Astra through its corporate social responsibilities (CSR) programs. The poor in the village can upgrade their skills in mechanics and are given a certificate so that they are trusted by the people who would like to use their services. The process of selecting and recruiting the poor who can be trained is given to the BKM.

In a village where the BKM was established, a corporation has also built a partnership with them to improve the skills and market network of the people who are involved in making handicrafts. Some rich individuals had also channeled their money to the BKM to be used as loans without interest.

Partnerships among various government department, between local and central governments, between volunteers in the organization for poverty alleviation, village officials, NGO activists and other stake-holders became the basis of integrated poverty alleviation programs. By involving many segments of society, many levels of government and the donors and people who receive the funding, mismanagement of the flow of the money is reduced. Partnering includes receiving input from different stake-holders so that the programs truly benefit the people. Partnership also put the government and the people on an equal level in proposing and implementing programs that benefit most of the people, especially the poor and those neglected.

When they need to improve the skills of the poor and other people, they can turn to government institutions that provide workshops on improving life skills. The government planner helps in drawing support from various components: “My task is to facilitate and to channel the people to various institutions that can help them achieve their goals” (G1). The bureau coordinates opening access to the organization in order to deliver various services to the poor. The bureau also encourages the various departments to have open-door policies and transparency in their willingness and ability to help those organizations which help the poor. Alliances and partnerships with many different segments of the

population such as governments, business institutions, banks, and even rich individuals enhances the BKM's capacity and capability to help the poor.

5.4.4. Sustainability

The strategy of the BKM in running the program of poverty alleviation is sustainability. The funds are multiplied by giving loans instead of mere gifts to the people. With low interest and no collateral except group collateral, they target the poor and nearly poor population. The funds thus improve the local economy by stimulating and motivating people to improve their business. To guide the people to utilize the money wisely for productive rather than consumptive purposes, people receive the loans in phases. The community members run the activities independently, which benefit most of the people. For those who are better suited to improving their skills, networks, and financial capital, the program provides the necessary tools. Only small amounts of money (less than 10 percent) of the budget are for non-sustainable programs such as building bridges, irrigation, roads, rain-absorbing wells, and other infrastructural programs as well as for grants and scholarships. The majority of the budget is for revolving credit, which is highly sustainable. People are expected to repay the money that they borrowed with a charge of a small amount of interest (about 1 percent). Although some individuals or groups are unable to pay their debts, their numbers are very limited. People are ashamed to continue a debt, as they are accountable to other members of their group. The organizers also routinely ask people to pay back their loans. Thus, the organization can sustain its activities using a budget from interest rates

and the assistance of allies, government and other institutions that are concerned in eliminating the problems of poverty in local communities.

With the participation of the local people in the process of the design and delivery of the programs, the sustainability of the organization and the attempt to curb poverty is maintained. People elect their representatives to operate the programs and are therefore able to elect the most intelligent in the community. The budgets donated by the government are independently run by the organization using transparency and accountability so that people trust their leaders and trust their friend's in-group lending. Therefore, the organization that is run independently by volunteers who are elected by community members can run smoothly without interference from government and other bodies that may hinder the operation of the organization.

The sustainability of the program was threatened by a growing number of people who cannot afford to repay their loans. The organizers did not want to punish or jail those people; instead, they used an informal approach by personally asking them for the money. On one hand, this approach deterred other poor from participating in the program, but on the other hand, if this condition became widespread, others would perceive that not repaying a loan is permitted. In the long run, the revolving fund would then be depleted.

5.5. Conclusion

This chapter has described how the principles of good governance (democracy, participation, transparency, decentralization, accountability) has led

to the improvement of poverty alleviation programs. This is because the public can easily check the work of the organization. Furthermore, it has minimized the mismanagement and corruption that usually had occurred in government-funded projects. These principles also have drawn people to support and help in their own ways to ensure the success of the program.

Chapter 6: Poverty Alleviation Programs

6.1. Introduction

The BKM activities were based in three main areas: economic enterprises, social aids and infrastructure/environment development. Their aims were to empower people to solve problems within these issues. The government entrusted the running of the program to the community members with full guidance and mentoring from experts outside the government. These experts acted as consultants to guide the community members in proposing and designing as well as establishing the organization and implementing the programs. The main activity of the organization is giving loans to groups of three to five people from working families for productive activities.

The goal of the program is to have the poor be economically independent and improve their economic welfare. This can prevent them from depending on charities. They can support their family members with their skills and networking in economic activities. Empowering people to help themselves so that they can be autonomous in designing and implementing their economic well-being is the target goal of the program.

Establishing and strengthening community institutions for ending poverty can be utilized to attack multidimensional and structural poverty, particularly related to the political, social and economic dimensions. In the long run, the organization can provide assets in the form of financial capital that can be utilized

for productive economic enterprises. The organization receives grants that can be distributed to the poor and nearly poor people in the village as low interest loans. This chapter elaborates the programs of poverty alleviation conducted by the BKM in several villages. It starts by discussing the programs within the economic sphere, which is the main program of the BKM. This program provides the poor with financial capital in the form of revolving micro-credit loans. Other programs that the BKM implemented are then discussed. These additional programs were labelled social and environmental programs. The social program includes grants, gifts, charities, and scholarships for poor families, while the environmental programs are mainly in infrastructure development as well as a limited number of environmental preservation projects.

6.2. Economic Development

The programs of poverty alleviation targeted the poor population in order to strengthen their financial capability to engage in productive activities. More than seventy percent of the funding goes to economic improvement through micro-loans. The programs focus on the productive rather than consumptive aspects. Criticizing the consumptive approach of poverty alleviation, the director of government regional planning states that “a full [belly] sustains only temporarily. It is more important to prevent the poor from prolonged hunger than to give temporary financial aids” (G1). With low interest on the loans and no requirement for financial assets to act as collateral, the organization seeks to help the poor and nearly poor populations. However, to be eligible for loans, the poor

must unite in a group of three to five persons, who then become collectively responsible for the loan repayment. The poor should also be local residents where the BKM is established. The BKM funds were disbursed to improve the local economy by stimulating and motivating people to improve their business. In order to control and guide the people so that they can wisely utilize the money for productive purposes, people receive the loans in several instalments. To benefit from the loans, people have to form a group of three to five members. They have to utilize the loans for economic productive activities. They were given full freedom to choose the economic activities that they liked according to their ability, capability, and need. The BKM allows the people decide what they want to do to improve their standard of living. Thus the poor now become the master of their own living. By giving full freedom to choose the economic activities that they prefer to do, it also motivates them. Success and failure are part of learning process.

Loans have many benefits for the poor. They encourage people to save. In order to pay loans on timely basis, people save their income regularly. As one poor villager admitted, “Everyday I set aside my profit bit by bit to repay my loans.” This is saving for a purpose. Solidarity along with the feeling of belonging to other members of the group flourishes. Poverty reduction efforts are long term processes. Loans encourage people to plan, save and expand their productive activities. People must manage their money and save in order to repay the loans. Their sense of responsibility is also strengthened when the group becomes the collateral for the loan. The loans were used for expanding and strengthening

enterprises by buying tools, goods, and other things that would help them earn more profit. Building on an ethic of planning, saving, and expanding a business was the main goal in empowering the poor to improve their own income. In short, loans encouraged the poor to be independent entrepreneurs to start or expand a small business that they liked.

Loans for the poor eased their burden. For example, these loans could improve economic activities such as in limited trading, fisheries and farming activities. They could also strengthen the people's motivation to improve their trading and other activities. The micro-credit allows the enterprises to flourish when the environment to improve the business is conducive. However, when the price of basic foods skyrockets, such as in 1998, the dynamic of the economy slows down as the consumption pattern of many people decreases, and the opportunity to expand businesses diminishes. However, loans could also be a burden for the poor when they cannot manage the money well. As one of the coordinators of the BKM admitted, "many people regarded the loans as grants so that they do not need to return" (O2). In turn, the sustainability of the programs was threatened as many more poor would not be able to benefit from the revolving funds. One of the principles of the organization is sustainability so that the program continues: "The new program was meant to be sustainable, as most of the funding, more than seventy percent, was designated to be utilized for revolving loans at low interest" (G.1).

Low interest credit helps to improve the local economy. Multiple economic activities in which they engage can decrease the risk of losing profits.

This is relevant as the risk of financial loss and bankruptcy in the country was high due to the turbulent level of economic transition in response to recovery from the economic crisis. The level of inflation in the country is very high and the prospect for developing a business is risky. There is also the risk of destruction of trade and economic activities due to natural disasters. A case in point is the huge earthquake that hit Yogyakarta at the end of my field research on May 27, 2006, which resulted in the destruction of many homes, killing many people, and decreasing economic activities. Many people became poor in a matter of seconds, others became homeless and jobless. Many of them lost their sense of security, financial resources and belongings. When the backbone of the family economy is injured or destroyed, many children are left hungry. Without prolonged assistance from the government and society, many people become victims of the disaster. P2PK programs provided an outlet in such situations. The low interest loans can be utilized to recover from such disasters where people rarely have life insurance.

The funds granted from the government have to be utilized in a sustainable manner in order to support people's ability to establish or enlarge their level of production, trade or service activities, which can, in turn, contribute to developing their family's economy. The activities that can be funded by the loans are decided through community and group discussion. The BKM and the people that borrow the money are responsible for transparently and accountably utilizing the funds in the best way that will benefit the poor in their attempt to improve their living standard. The funds are utilized responsibly, effectively and efficiently to help the poor improve from their state of poverty.

However, those who receive loans did not automatically improve their economic well-being. Many other factors contribute to the process of eliminating poverty such as the level of skill and experience of the persons engaging in the enterprise, the micro- and macro-economic conditions in place, the crises and challenges experienced by the persons involved, the kinds of commodities with which they are engaged, the networks and relationships that can support their enterprises, and many other factors that routinely influence the success of persons engaging in business. The loans and other support from the government are just stimulants, and cannot guarantee that a business will prosper.

The program's target to reduce the number of poor has still a long way to go. Indeed, this is a long term process. The relatively small amount of money that can be borrowed (from half a million to five million Rupiahs, about \$55 to \$550 USD) can only contribute slightly to the improvement of individual businesses. Low profits which characterize most of these businesses means that one can only expect a low return of profit.

The reasons that the programs of poverty alleviation focused on strengthening people's financial capital was that it is empowering. As one bureaucrat who was in charge of guiding the programs stated, "The concept of empowerment means giving them the hook rather than the fish, giving them loans to improve and expand their existing enterprises or to establish new ones" (G1).

Many of the benefactors of the programs are women. In Javanese society, women are usually in charge of financial administration. Particularly from low income families, women contribute to provide additional income for the family.

As the program of poverty alleviation encouraged the participation of women, more women benefited from the program:

The funding endorsed the participation of women at every step of the process of the establishment. Women were also encouraged to participate in the program. People from various professions including farmers, petty traders, civil servants, professionals and others were also encouraged to become involved (G1).

6.3. Social Programs

The organization utilizes about ten percent of the profits and budget for activities related to ‘corporate social responsibilities’ such as grants for the poorest elders who cannot perform productive activities, gifts of materials and husbandry for the poor, and scholarships for students from low income families. The scholarships motivate students to improve their studying habits and raise their self-confidence. The funds also ease the family financial burden in paying tuition fees and other expenses.

The funds are also utilized to upgrade and improve the skills, knowledge, and capability of the poor and to facilitate them in opening new enterprises. Their motivation and empowerment are also boosted in the training funded by the BKM. These trainings are also partially funded and supported by other institutions such as *Balai Latihan Kerja* (Workshop Centers) provided by the Ministry of Manpower and Employment. The people who are trained are in fact not solely from the poor community but those who have the courage, capability, and willingness to improve their skills and to broaden their knowledge. A small number of the grants are geared towards supporting people who are no longer

productive such as elders who are usually poor widows without family support or as scholarships for children from poor families. Helping poor people in emergency situations such as for victims of natural disasters, paying health expenses of the poor and improving the housing of the poor can also be part of the grant depending on the level of need and priority in the local area.

The goal of the poverty alleviation programs is not short-term eradication of poverty. The problem of poverty is multidimensional. It is not just economic factors but also social, cultural and spiritual factors that contribute in making people poor. In other words, structural as well as cultural factors are embedded in the creation of poverty. Therefore, the target of the program was to minimally improve people's awareness of ways to solve together the problems of poverty and to help the poor to help themselves out of poverty. Strengthening the mental spirit to seek out ways in lifting up the poor from the depths of poverty became the main target of the program. To reach this target, the goals were shifted to giving them tools instead of simply relieving them with short term food, that is, giving them the hook rather than the fish, and skills rather than smothering them with dependency. The preference of improving human quality becomes the main approach of the program, as one of the bureaucrats stated:

The important thing was to promote the poor [to avoid] prolonged hunger. To do this, the program had to enhance their capacity and capability to escape from poverty by giving the poor tools, skills and knowledge as well as widening their network. This can facilitate them to improve their welfare (G1).

Thus, the social program focused on people and is a people-centered development. Improving human resource quality becomes the priority: "The focus of the

program was to empower the people....by improving the skills, experience, knowledge and quality of the people” (G1).

In my observations, I noted that the organizers were very creative in drawing support from other individuals and institutions, as the funds for social aid programs are very limited. For example, one of the organizers wanted to provide the poor and other children the opportunity for circumcision, namely an obligatory ritual for every Muslim male to remove some or all of the foreskin (prepuce) from the penis, without the need to pay the services. The organizers asked the local hospital and doctors who were concerned about poverty alleviation efforts to contribute to this program.

6.4. Development of Infrastructure/Environment Facilities.

A small percentage of funds (about fifteen percent) were given as grants for improving infrastructure and protecting the environment. The government helps the community to choose the programs that benefit the poor and the village. When the village needed rain-absorbing wells as protection from floods and drought, the government approved the proposal by funding the project. When the village needed an irrigation system, the government approved the project to build such an infrastructure. The organizers are not allowed to build an office or other illegal businesses as the monies must be focused on poverty alleviation programs.

The strategy to empower the community and the poor is channelled through the improvement of infrastructure as the funding comes mostly from the Department for the Improvement of Infrastructure which is concerned with the

improvement of roads, buildings and community environment as well as housing complexes.

Improving roads is one of the programs for alleviating poverty. Good roads, for example, allow the children to have access to school and the adults to work. In addition, the poor benefit from accessible markets by improving the price of the goods and products. Accessible roads can also attract outside investment to their neighbourhood. The accessible roads can even improve their self-esteem, particularly if they are proud of their village. They may marry their children to people above their social and economic class. Road advancement can enhance many social and economic activities and thus it is an important way for alleviating poverty. The poor can easily transport their products to a wider market. Their location becomes more accessible to the outsider so that economic activities are more lively and dynamic. The price of goods and other materials from outside are reduced due to accessibility. The government claims that “good roads can enhance all social and economic standards (G1).”

Building infrastructure, like road advancement, has an indirect impact on alleviating poverty. With better networks and transport systems, people can more easily bring their products to market. The price of goods and services decreases as the components of transport become less costly. A reduction in isolation and easier access to the region also attracts investors from outside areas to invest in the region. This can of course be double-edged. It can help those able to seize the fruits of opportunity to prosper, but it can also burden the less fortunate and the marginalized. As prices go up in these areas, the landless may have more

difficulty in owning land to cultivate and to trade. However, the lack of land for the poor may be compensated with the arrival of new job opportunities aside from agriculture. The poor can engage in new employment opportunities offered by new investment in the region.

When the roads are in poor condition or even dangerous, the transportation of goods and people to and from the location can be difficult. Moreover, communication is problematic. Bad roads not only endanger people but also jeopardize the safety of vehicles, which will cost people more money in vehicle repair. Public and commercial transport may be hindered by poor road and it may result in higher prices due to the increased cost of transportation. Roads are the basic and necessary means to improve the welfare of the community. However, good roads can also have negative impacts on the people. For example, as the rich people are eager to buy land, the price can increase considerably. In turn, the poor and landless people become even more marginalized.

In general, infrastructure improvements benefit many people: the rich who own vehicles, the people who use the roads for transporting their goods and other people that depend on the road for circulating their services. Although the poor may receive the least benefits, good roads can advance the local economy and therefore benefit the larger community. When business flourishes, so does the possibility of increased economic earnings and benefits. When opportunities increase, people have more choices in jobs including the higher paying ones or they can create their own employment. When the economy is working well and growing as a result of good roads, the trickle down effect appears in the

improvement of consumption, the increase of the price of land and the chance of opening up many possible kinds of economic activities. Consequently, the poor will also receive positive impacts. Good roads can produce a ‘snowball’ effect by energizing the economic activities and opportunities of the area. There are many benefits from road improvement, as one consultant of the programs stated:

People have better network and transport systems to market their products. Children have easy access to improve their education and the chance to seek better opportunities and employment. The cost of transportation and goods become lower as the component of transport became less costly. The interaction between the village and the town, between the production and the market, between the less developed and developed regions become much more extensive. The unblocking of isolation and the easy access of the region also attract the investors in outside areas to invest in the region (K1).

However, road improvement can also marginalize the severe poor who are often landless. As the road improves, the price of the land can increase due to greater accessibility. Therefore, they become further deprived from land as an asset for production. As the facilitator stated, “As the price of land is usually hiked in these areas, the landless have more difficulties in having land to cultivate and to trade (F1).” To compensate for this loss, the poor engaged in new employment opportunities offered by new investment in the region. Thus, building roads and bridges can still improve the welfare of the community, particularly the haves and the better-offs. As the facilitator analyzed:

The poor hopefully can also benefit from the trickle down effect of the development and opportunities opened up by the accessibility of the region. By including the targeted program on improving social and economic conditions of the poor and by maintaining the negative impacts and economic shock in the areas, the poor can also benefit from the development of infrastructure in their areas (F1).

Government prioritizes the improvement of roads in poor neighbourhoods so that the most benefit goes to the poor. The multiplier effect on poverty alleviation in society has become a primary consideration in the awarding of funding. The government discourages programs that benefit the rich more than the poor. The rich are considered to be able to sustain and support themselves in improving conditions in their neighbourhood and living standards.

The following is one example of a program working on road and infrastructure improvement that takes the poor into consideration. In a village where small and medium enterprises produce roof tiles, the people with the help of funding from the program and local contributions built an asphalt road four kilometres in length. This success has made the local economy more dynamic and lively. Buyers can now easily come to buy roof tiles so that many workers who come from poor families have benefited from this boom in production. The improvement of the village enterprises benefits community members at large. They provided employment for many more people and triggered the dynamics of the local economy in general. I visited this village and observed how the welfare and economic conditions of the community improved as a result of the improvements on the road system. This particular case shows that the improvement of enterprises can directly improve employment opportunities.

Some people believe that the construction and building of roads and bridges benefits the rich who have vehicles more than the poor who do not. This may be a rare case and casuistic according to the consultant. Rather, it is inevitable that all people can utilize the road. With accessibility of the road by

vehicle, the cost of public transport decreases. Thus, the general public can have access to wider facilities. Moreover, it can also enhance the social capital of the society as the rich can interrelate with the poor. Nevertheless, proposals to build roads depend much on the potential impact of the road in improving the conditions of the poor.

Not all proposals to build roads are accepted. The higher the impact of the road on improving the living conditions of the poor, the higher the chance that the proposal will be funded. Thus, the roads should benefit the poor in improving their living situation. The consultant encouraged those involved in decision-making to regard the positive impacts of newly built public facilities on improving society and the economy. The choice of infrastructure whether a road, a bridge, a dam, or some other facility that would have the most positive impact on improving the welfare of the society was left up to the people, who decide in consultation with the facilitators.

With improvements to the roads, public transportation could be accessible to the village, so that the poor could thereby augment their living conditions. After accumulating some money, they would be able to buy bicycles, providing even better opportunities and faster access to the job market.

Building infrastructure is at the core of developing the regions. When the environment, roads, bridges, irrigation systems and other facilities are all at their best, people are drawn to invest in the economic and social life of a region.

Kasiba/Lisiba (Kawasan siap bangun/lingkungan siap bangun or “Region/neighborhood ready to develop”) was an infrastructure program designed

to promote economic activities, to attract investors, improve the local economy and in turn improve the standard of living of the people. When road conditions improve, the economic activities also improve. The standard of living of the poor improves in line with the improvement of social and economic conditions in general. When the infrastructure is properly developed, economic activities follow suit and the conditions enjoyed by the general population, including the poor, improve as well.

The improvement and building of roads can have an indirect impact in terms of accessibility for small traders as well. It can facilitate the moving of goods and products from the village to wider markets. The peasants and small producers in the village thus gain a wider opportunity and bargaining power to increase the price of their commodities that they offer. Another indirect impact of road improvement is that it can also make the local economy more dynamic. With such improvements, the village is accessible in all seasons, thus eliminating the risk of starvation and economic crisis, especially during the rainy season. A good road can also reduce accidents and wear and tear on all vehicles -- bicycles, motorcycles, cars and other means of transportation -- so that people can spend their capital on needs other than repairs.

People also proposed the construction of irrigation systems in one hamlet, as they are important in alleviating poverty. Since the allocation of funds for such a project was limited, people were willing to contribute whatever they had -- financially or physically. In other villages, where floods occur regularly, the organizers dug wells to absorb the rainwater. This project is not only to prevent

flooding, but also to preserve the groundwater level during the dry season. When I asked one of the organizers how this has had a positive impact on the poor, he answered that if the groundwater level is not maintained, the poor will be affected first, because they do not have the funds to further dig their well.

6.5. Conclusion

The various poverty alleviation programs revolved around three aspects all of which attempted to provide a multi-dimensional and holistic approach toward the long-term reduction of poverty in general and specifically in creating sustainable economic growth for the poor. By centering program efforts on economic enterprises, social aids and improving the local infrastructure and environment, the BKM sought to provide the most comprehensive methodology to assist the poor. Poverty and its causes is complex and the solutions need to specifically address each local context. By distributing funds, human resources through facilitators and consultants along with the incorporation of the community into the search and promotion of means to address the foundational aspects of poverty, the government through the local BKM agencies at least has attempted to provide a realistic response to meet the needs of the poor.

Chapter 7: Summary and Discussion

7.1. Introduction

This final chapter of the thesis restates the research objective and research questions, summarizes the results and draws out the main conclusions. It then discusses the implications of this research for improving poverty alleviation programs.

7.2. Statement of the Dissertation Objective

As explained in Chapter One, the overall research objective for this thesis is to explore the processes and outcomes of the *Program Penanggulangan Kemiskinan di Perkotaan* (P2PK) poverty alleviation programs. This thesis specifically documented a case study of P2PK that I carried out in the villages of the Sleman District, Yogyakarta, Indonesia.

This research primarily used a qualitative perspective, attempting to discern the implementation and the impact of the poverty alleviation program on the villages. The thesis answered two research questions. The first question asked was: How were the *Program Penanggulangan Kemiskinan di Perkotaan* poverty alleviation programs carried out? The second the question was: How were the outcomes of the programs? The first was answered in Chapter Five and the second in Chapter Six.

7.3. Thesis Summary and Key Conclusions

In Chapter Two of this thesis, I discussed the developmental and theoretical framework for examining poverty alleviation programs in Indonesia. Here I review some of the main ideas that resulted from that chapter and that were drawn upon throughout the rest of the thesis. As discussed in Chapter Two, the problems of poverty in many developing countries often stem from the wrong strategies that the administrators of those countries use in building their nations. They admire the development process of developed countries and follow in their footsteps often without considering local conditions. One result is that the development produces environmental degradation. The exhaustive exploitation of natural resources, often for the benefit of the developed countries, produces severe poverty particularly among the people at the grassroots level. Instead of progress, this approach to development produces regress. As the development utilized foreign loans, debt bondage entraps most of the developing countries. Instead of advancement, this type of development likely produces backwardness and underdevelopment. The rich become richer and the poor become poorer as the gap widens between people in those countries. Strategies to hasten economic growth with limited consideration to economic equality and opportunity for all fail to allow the fruits of development to trickle down to the bottom of the pyramid in society. Without rigorous distributive economic justice, the supposedly take-off phases of development leave behind many people in finding prosperity. The masses suffer the deterioration of natural resources. To overcome

these problems, the development strategies should be shifted to become more inclusive and sustainable.

As was discussed in Section 2.3. of Chapter Two, development should result in more equality of prosperity. Social and economic justice becomes the goal of development. Development should produce progress and freedom. It should improve skills, knowledge and freedom to realize the highest potential of individuals to achieve their development. People become happy and healthy as well as reach a sense of security. Development improves people's prosperity and well-being. This can be achieved by limiting corruption, mismanagement, nepotism, and other negative attitudes that hinder the progress of development. When people are in charge and limit the control of the elite who design the development projects, the needs of the needy become the priority. People feel empowered as they can influence the decision-making process of development. Sound planning and corruption free implementation of development results in the success of the programs.

As discussed in Chapter Two, poverty is a multifaceted problem. It is not merely a lack of economic means to a decent living but also a lack of security, a low level of skills and knowledge, a poor self-identity, and a limited or low level of participation within the community. To overcome poverty, these problems have to be tackled simultaneously and comprehensively. Development with a human face means priority of development should be to enhance the quality of human resources. Poverty is also a product of the impacts of globalization. Apart from its positive impacts, globalization also produces negative results. As a continuation

of former colonialism and imperialism, globalization creates dependency of developing countries on developed countries. Unequal interaction between the two has made the developing countries poorer. Globalization results in environmental degradation and destruction as the developed countries need to feed their consumptive energy levels by exploiting natural resources in many of the developing countries. An imbalance of the fruit of development occurs. The developed countries extract most of natural resources of developing countries. Globalization creates inequality not just among countries but also within the state, such as between the haves and the have-nots. Globalization increases a surplus of labour which reduces the level of wages in many developing countries. Thus, poverty remains prevalent in these countries.

Also in Chapter Two, I discussed a number of strategies for poverty alleviation. The poor, government administration, and other institutions concerned with tackling the problems of poverty have different strategies. The poor engage in multiple occupations to eke out their living. Working hard and wisely become good strategies for some. The government and other institutions dealing with poverty implement good governance. Accountability and transparency of activities especially concerning financial reports and usages limit mismanagement and corruption in the application of poverty alleviation projects. This approach ensures that the elite are working against the problems of poverty, and not against the poor. They facilitate the poor to grow and to improve their social and economic welfare. Appropriate road improvement opens market accessibility, while sound environment maintenance contributes in preserving a healthy

neighbourhood. In line with this, the World Bank prescribes strategies for alleviating poverty by expanding opportunity, strengthening empowerment and maintaining security.

Following a discussion of the conceptual framework, the context of the poverty alleviation programs in Indonesia is then elaborated in Chapter Four. After discussing three programs of poverty alleviation, namely the Green Revolution, *Inpres Desa Tertinggal* (Backward-Village Poverty Alleviation Project), and Kecamatan (Sub-district), I discussed the economic crisis and democratization process of Indonesia led to participatory and empowerment approaches of poverty alleviation programs, free of earlier intimidation. Although these programs were successful in improving the economic welfare of society, as the trickle down effect benefited the rich and some of the poor, many weaknesses and corruption marked these programs. After describing the condition of the site under study, the Sleman District, the local structural and cultural barriers to poverty alleviation is then analyzed. In Chapter Four, I provided the context for this study, detailing at the macro level the economic crisis and the processes of democratization in Indonesia. This also included a discussion about the strengths and weaknesses of past poverty alleviation schemes and why most had failed. I ended the chapter by introducing the case study site from the Sleman district, Yogyakarta.

In Chapters Five and Six, I answered the key research questions of this thesis. By doing so, I drew together my fieldwork data and reached six conclusions that I argue can be drawn from my examination of the organization of

the *Program Penanggulangan Kemiskinan di Perkotaan* poverty alleviation programs.

First, people's participation in designing and implementing the programs of poverty alleviation contribute to achieving the goals of poverty alleviation in the villages.

Second, micro-credit loans have made the local economy more dynamic which, in turn, helps to boost the micro-economic condition of the region.

Third, group lending and community gatherings for organizing the BKM have strengthened social networks and cooperation among the villagers, particularly in dealing with issues of economic improvement and natural preservation as well as infrastructure advancement. The networks among and within classes of societies, religions, ethnicities, and newcomers have built improved awareness and a sense of belonging of community members within the same village. They in turn encompass the community members outside the village as economic relationships have grown and expanded to wider inter-regional networks.

Fourth, the improvement of infrastructure like roads, bridges and irrigation systems has contributed in improving the general economy of the village as people's commuting to and from market centers is more easily achieved. It has also helped to ease the daily activities of the villagers, such as for students to go to school and for sick people to go to health clinics and hospitals. Road improvements have also raised people's self-confidence in dealing with others

outside the village. This will result in strengthening people's self-empowerment.

Fifth, environmental preservation like excavating rain-absorbing wells has helped to preserve the ground water level so that people, particularly the poor, do not suffer from floods during heavy rains or drought in the dry season.

Sixth, people's self-monitoring, evaluation and increased sense of accountability of the organizers of the poverty alleviation programs has contributed in keeping the tradition of rampant corruption at bay and therefore has helped in achieving the goals of poverty alleviation in general.

7.4. Improving poverty alleviation programs: Future Directions

From my thesis fieldwork, analysis, and conclusions above, I argue that to improve poverty alleviation programs in developing countries, particularly in Indonesia, the following steps should be taken:

First, the priority of the targeted programs should be to assist the poorest people. These populations often exclude themselves from the public gatherings and meetings. Without rigorous policies that assist them based on their needs, capabilities, and concerns, they will often be excluded from the poverty alleviation programs.

Second, the organizers must equip themselves with skills and knowledge to assist the poor in organizing their enterprises and to facilitate them in gaining more access to credit and markets. Compared to non-government activists who are concerned with poverty alleviation efforts, the volunteers of the BKM organization do not have enough time or the capacity to handle the problems of

poverty. There are many programs that can be developed in dealing with these issues depending upon local needs and opportunities. Third, the poorest should be encouraged to take the risk to accept loans and establish new enterprises based on their newly acquired skills. To limit the risk, the BKM organizers have to work within the intended results, such as facilitating the poor to sell the products that they produce. This will result in new opportunities opened by the dynamics of the growing economic situation.

Fourth, the organizers should establish a team who can evaluate and help the borrowers who were trapped by debt from the micro-credit program. As I observed and participated in collecting debts, there were many different factors that led people to be in debt. These factors should be treated differently. The sustainability of the poverty alleviation programs depends on the sound return of the loans. If many debts are not repaid, other people will follow suit which will lead to a breakdown of the revolving funds system.

Fifth, the organizers have to assist the borrowing groups to ensure fruitful cooperation and to prevent them from breaking up. As I learned from field observations, when one or two members of the group did not perform well, the other members of this group felt less pressure to be responsible for the behaviour of other group members because they were allowed to break up the group and establish the new one. There is no mechanism or punishment to keep the group together. The group members also may not have the same economic background, which may deter them from cooperating with each other.

Sixth, the poorest segment of community should be closely engaged in the process of poverty alleviation. As most of them do not have their own economic enterprises, they do not want to take risks, and do not engage in the discussion process of poverty alleviation efforts. As a result, the extremely poor are mostly excluded from the programs. As only a small percentage of the poverty alleviation fund (about 10 percent) is allocated for them, there were only a few people who benefited from the program. As I observed in the villages, what they need is not only financial capital, but also connections to sell their products. A case in point is an elderly couple who had survived the harsh conditions of Japanese colonization and still lived in very poor conditions. This couple lives by splitting small river rocks to supply the industries of housing and road building. They are unable to sell their product for an adequate price because they live in a more isolated area without any help to overcome the transportation difficulties. The couple also does not have access to the micro-credit loans of the poverty alleviation program.

This thesis, in showing how the *Program Penanggulangan Kemiskinan di Perkotaan* was implemented and the impacts that it had on the lives of the poor in the Sleman District, has shown that it is possible to undertake participatory development programs with positive results in developing countries. At the same time, however, a number of important checks and balances must be put in place to ensure that mistakes from the past are not repeated. Only then will people around the world, like those from the Sleman District in Indonesia, be able to help themselves – with positive support – to escape the cycle of poverty.

It is hard to measure the impacts of the program quantitatively. The program has only run for two years. It has launched an indirect approach to poverty alleviation by trying to change the behaviour and attitudes of the poor through empowering themselves to survive and escape from poverty. Critical awareness, knowledge of their potential and ability to improve can be the first steps to improving their welfare. Poverty alleviation can be a positive impact of their critical consciousness to improve their living conditions. It is actually too early to measure the success of the program. Eradicating poverty is a long process, and interrelated factors cause people to fall into poverty. Compared to other short-term projects and the consumptive approach to assistance, however, the poverty alleviation project in villages has improved the planning, proposition, execution and evaluation of the program. The sustainability of the program was one of the main positive aspects of the program. It encourages people to be independent rather than dependent, stresses networking rather than isolation, cooperation rather than competition, helping each other rather than neglecting others, and empowering rather than exploiting.

The government has to facilitate and help to provide income security by supporting and minimizing the risk borne by the poor in order to widen the market and take risks by innovating new products that are more beneficial and profitable. The poor who feel secure can have more brevity to try new methods and enterprises that boost their profit. The problem is that the development system and market intervention from global institutions and the government distort and

devalue natural commodities compared to other refinery products that need high technology.

However, the extreme poor are often deprived and deprive themselves as they are afraid of not being able to return the loan. The organization does not utilize a targeted approach on the extreme poor to survive from poverty.

Another suggestion is that the district government should be able to handle facilitating and monitoring roles. This will allow the organizations to keep the trust and respect of non-government and government institutions as vehicles to eradicate poverty. The dependency of the organizations on consultants for developing the organization should be reduced by giving them more freedom to exercise their potentials and abilities. The independence to implement, propose and promote the program allows them to improve and enhance their service and contribution to the community.

Ability, capabilities, and opportunities as well as a willingness to improve one's situation lead to the success of ending poverty in oneself. Financial capital has to be supported with access to markets to sell the product so that the product will be profitable.

Lack of job opportunities is one of the main factors of people being trapped into poverty.

Change in key persons or leaders can have drawbacks when people follow the leaders unwittingly to realize what they do is the right way for changing for the betterment. Full participation by the people is required as well as whole-

hearted motivation and to know that their contribution will be beneficial in enhancing their social and economic welfare.

When the causes of poverty are related to social and infrastructure problems, these problems have to be tackled first before strengthening financial capital of the poor. It is many times isolation and lack of support to market products and the lack of dams and roads to improve agriculture products and to market them in highly profitable market in outside areas that lead to the poverty. However much money pours into the pocket of the poor, when the good character that relates to the success of their life story is absent in the person, the positive impacts in alleviating poverty cannot be attained.

The organizers of poverty alleviation program had tried to implement the principles of good governance in the process and implementation of the programs. The facilitators, volunteers, and other participants in preparing to establish community-based organization of poverty alleviation programs had utilized the democratic principles in electing the representatives for the governing board members, for designing, implementing, and evaluating the programs. Representatives of community members from the hamlet level were engaged and involved in every step of establishing, designing, and implementing the programs. The election was fair and free from intervention, an opposite departure from the political conditions of the previous authoritarian regime.

There are many lessons that can be learned from the democratic process. Democracy certainly led to the success of elimination of poverty problems. This is done as it encouraged check and balance in the process of poverty alleviation

efforts. When many people participated freely and voluntarily, the public control of the executive led to more transparency and accountability of the decision-making process and implementation of the programs. This minimized corruption and mismanagement that usually came up in many previous programs sponsored by the government. Democratic process ensured that many people's concerns and voices were not only heard but also considered. Democracy enabled people to have mechanism of check and opposition by not electing those governing board members who failed to meet their promises and to follow the common rules of the games and good values of the organizations. In case of fraud committed by the administrators, the people could even force them to step down and to be responsible to the damages that they had done. A case in point was the corruption done by one of the governing board members in one BKM (Community Self-reliance Body). The person was approached to be responsible and return the money or else he would go to jail. However, this community-based organization preferred employing a personal approach rather than a formal court approach to solve the problems in order to preserve the solidarity and communality of the community.

The process of democracy and participation of the community members led to more egalitarian and equality in decision-making. The top-down process of decision-making that featured the previous authoritarian regime was replaced by a more bottom-up and participatory decision-making. This in turn strengthened solidarity, empathy, and sense of belonging of community members. Social capital of the people was solidified. Partnership and cooperation among the

people for better causes of individual and community members in general were built and enlarged. Democracy has enhanced people's confidence in poverty alleviation programs and therefore motivated them to contribute whatever capacity and capability they have. When their voices were heard, they felt more dignified. They were not ignored and marginalized in the process of development anymore. Substantial democracy rather than merely procedural democracy led to the fulfillment of the rights of the people.

Democracy enables the poor to voice their concerns and needs. The inclusion of the people's priority motivates them to participate and contribute in the program's success towards poverty alleviation. Democracy enhances people's participation in decision-making and in the process of implementation.

Democracy means that the power is shared equally among the people. By sharing the power, the collaboration and assistance of allies and community members ensures that the programs are effectively and efficiently implemented. With democracy, the organizers are forced to be accountable by the way of control and evaluation on a regular basis. Democracy improves the quality of the program's implementation and widens the participation of the people. A democratic process of decision-making enables the voice of the poor, the marginal and the minority to be heard and counted upon. With democracy, the check and balance of the management of the organization can be realized. The participation of the people in the procedure and process of democracy contributes in making the programs successful.

It is in line with the conceptual framework that democracy helps particularly in the long run to overcome a general passiveness of the people. Democracy means not only engaging the support of the people but also respecting people's point of view. However, sometimes participation can burden the people. It becomes tyranny. The poor occupy most of their time to survive by doing menial jobs but receiving limited rewards and therefore do not have enough time to participate and contribute. Their voices and needs are therefore neglected. Democracy should be in the structure and delivering process. Democracy should engage the poor and place them on equal ground. Their experience and survival strategies are worth being noted, and their voices are heard. When the poor and the minority groups and the marginal communities are involved and accounted for, democracy becomes empowering. People then have rights and power to direct the flow of the organization. When the organizing board members are accountable to the people, they tend to support the common causes. Accountability also impedes corruption and mismanagement that are rampant in government bureaucracy. It also encourages the organizers to deliver their utmost ability in serving the community. Democracy encourages people to implement good governance in implementing the programs of poverty alleviation. Democracy is good for the people.

The important findings are that the process of the poverty alleviation programs was more democratic, participatory and empowering. People are able to apply fairer elections to choose the representatives for organizing board members for the organization of particular poverty alleviation programs, namely the *Badan*

Keswadayaan Masyarakat (BKM), Community Self-Reliance Body. They are volunteers that govern the organization. These volunteers also applied the principles of good governance, which can enhance the effectiveness and efficiency of the organization.

The representatives of community members from the hamlet level also participate in every step of decision-making from the preparation and design to the implementation of the programs. They then discussed what their priorities, programs, constraints, and other factors related to poverty alleviation are in each hamlet level as well as in the village level with representatives of other hamlets within the village.

The poverty alleviation programs were also empowering as people were able to choose whatever economic activities that best suited them. The organizations provided financial capital to strengthen their economic enterprises. It is also empowering as people are involved in decision-making which led them to choose what programs suitable for them. They are then motivated to assist and participate in the implementation of the programs as they realized that the programs were beneficial to them.

The next question to ask is “Does democratization, participation, and empowerment have positive impacts on poverty alleviation?” The short answer to this question is “yes”. Democratization has led to a greater check and balance in the process and implementation of development program including poverty alleviation. Because democracy was able to be implemented fairly and substantially, people have a greater say and voice their demands and grievances.

Democracy led to the application of good governance in decision-making on public policies. This system can also punish people who deviated from the high values of communities and failed to hold the trust of community members by not electing them, or even overthrowing them. As the democracy in this organization is still pure, without contamination of money politics, as far as I observed, the governing board members are transparent and accountable in implementing the programs. This is because in BKM, the governing board members were not paid but were volunteers who receive little remuneration for transport and meetings.

Participation in the process and implementation of the poverty alleviation program has also had positive impacts in poverty alleviation. This is because with the participation, the programs met the need of majority of community members. Participation of the people led to the preference of programs that become the priority of the people. It was able to draw support from the people financially and/or physically. It also strengthened people's solidarity and *gotong royong*, helping each other for common causes. By participating, effectiveness and efficiency of the programs were enhanced.

Empowerment of the poor also led to the elimination of poverty. Most of the funds were allocated to revolving micro-credit loans. This is empowering as people's financial capital is strengthened. People are empowered as they are positioned as the experts of their own living. They have their own survival strategies that can be enhanced through strengthening their financial capital. In addition, it is empowering when people are forming a group to benefit the programs. With the group, people broadened their partnership with others. Thus,

the social capital of the poor who were often marginalized and excluded from the process of decision-making and from benefiting of micro-credit programs was secured.

Trust that grows among the people in implementing the poverty alleviation programs enables the organizers and their allies to motivate each other in eliminating poverty. People's initiative, creativity, desire and needs are accommodated. Inclusion ensures that minority groups that often neglected from the process of poverty alleviation efforts and to benefit from the programs. Women and youth are also included as the contributors to the well-being of community, at least to their family members. The participation of women in improving the standard of living is crucial especially among the Javanese community where women traditionally have a main role in managing family economy. Thus, neglecting and excluding women in economic activities and other efforts in eradicating poverty can be a big loss to community as well. Women are among the pillars of economic development of the community in Javanese society. Indeed, it is noted that the members of group lending are mostly women in Sleman district.

Group lending, it is claimed, strengthens the cohesion and collaboration in the community. The culture of helping (*gotong royong*) is revived and renewed with the enforcement of institution and budgeting that facilitate them to collaborate. Lending without collateral has successfully been able to break the wall of difficulty facing the poor in developing their productive enterprises. The poor's good standing and trustworthiness are encouraged through

institutionalizing group lending. The strong ties of the community members contribute in the success of the group lending and economic activities.

By becoming the subjects of development, the poor contribute in proposing and executing the programs that suit their needs and desires. This ensures that the sustainability of the program is maintained; when people are held accountable, they are able to perform well. In the era of democratization and openness, people are afraid to manipulate, corrupt, and mismanage. People monitor and evaluate the activities of the organization and to contribute in steering the direction of the organization.

Participation enables the people not only to monitor and to evaluate the program preventing corruption and mismanagement but also to steer the direction of the organization into activities that benefit them. The ability to choose one's own destiny and to influence others to do the best for the majority is an empowering process in alleviating poverty. In return, when people are empowered, they are eager to contribute and be involved in the process of designing, organizing and implementing the programs of poverty alleviation. Empowerment motivates people to take part in the activities.

Putnam's concept of social capital linking to prosperity highlights the choice of participatory, civic engagement approach as the best approach in bringing the lives of the poor in order. Trust, tolerance, and collaboration that have been declining in cities and starting to shrink in the urbanized villages should become the guiding values in building the capacity and capability of the poor on their own strength by numbers. These values are essential in genuine

democracy that count on the vote of even the marginal population to change their own society and other communities at large. The least, the last, and the lost collaborate with the more prosperous, experienced, and skillful members of society to become the driving force of economic growth and prosperity. This collaboration minimizes the gap between the poor and the rich. By pushing the gap closer, the community in general becomes more tranquil and safe. Political and social conditions cannot be detached from the economic situation of society. A community is like a body: when one suffers, the whole community members are consequently affected. The crime rate declines when many members of community if not all gain a share of the economic pie. When no one suffers, no one hungers, no one is prone to destitute conditions, and the people at large are more prosperous and happier. The biggest impact of any program on alleviating poverty is equipping the poor to help themselves in collaboration with others. Helping each other becomes a culture that is embedded in the attitude of the people.

The support from village government officials is minimal, as they are indirectly involved in the program in the form of giving facilities, endorsements and motivation for the villagers to actively participating in the process. The consultant and the government directly involve the people who have volunteered their efforts on behalf of implementing the program. They are trained and coached in three different activities: training of developing, strengthening, and self-reliance (*pengembangan, penguatan, kemandirian*). Specific coaching is also given to implementing units: such as accounting for the Financial Implementing

Unit. The fundraising coach is also available to the organizers of two other units—social and environmental—to collect money and find support for their activities so that they do not have to rely solely on the funds of the organization. This training and others are carried out depending on the need. Thus, needs assessment is conducted regularly on what type of training and coaching is needed by the organizers of the program.

When the poor are not involved in decision-making and the implementation programs were imposed upon them, they oppose the programs by ignoring what elite decision-makers already decided on their behalf. It is claimed that many projects fail due to their central planning and implementation. To overcome this top-down approach, a ‘bottom-up approach’ to development should be implemented. It ensures that the planning and implementation of the development are suited to and needed by the people. When the projects are planned by the people, they oblige themselves to participate in the process of implementation according to their ability and availability. As they are involved in the process of planning, the projects are designed by them rather than imposed on them as in the ‘top-down’ approach. People are more motivated as they feel a sense of ownership in what their programs become.

Another suggestion is that the district government should be able to handle facilitating and monitoring roles. This will allow the organizations to keep the trust and respect of non-government and government institutions as vehicles to eradicate poverty. The dependency of the organizations on consultants for developing the organization should be reduced by giving them more freedom to

exercise their potentials and abilities. The independence to implement, propose and promote the program allows them to improve and enhance their service and contribution to the community.

When the causes of poverty are related to social and infrastructure problems, these problems have to be tackled first before strengthening financial capital of the poor. It is many times isolation and lack of support to market products and the lack of dams and roads to improve agriculture products and to market them in highly profitable market in outside areas that lead to the poverty. However much money pours into the pocket of the poor, when the good character that relates to the success of their life story is absent in the person, the positive impacts in alleviating poverty cannot be attained.

Thus, empowerment is an effective approach and should be implemented in helping marginal and impoverished people to develop their own ability to help themselves. Assistance has to be directed towards making people more independent, rather than trapping them into dependency. Focusing on strengths, developing their potential knowledge and skills, facilitating their access to resources and motivating them are all keys to the empowerment process. Empowerment also requires making clients aware of the political and economic structures that impede the enhancement of their social well-being. An important step in empowering them is stimulating them to have a ‘critical consciousness,’ as Paulo Freire (1970) has advocated. This means developing their critical thinking about economic and social structures before taking effective action to clear up the hindrances to the enhancement of their lives. In addition, in many developing

countries like Indonesia, where the level of trust in society is very low, building ‘social capital,’ that is, “the stocks of social trust, norms, and networks that people can draw upon in order to solve common problems” (Lang & Hornburg, 1998:4; quoted in Rubin & Rubin, 2001, p.97) is indeed a necessary component in improving people’s power. The effort to strengthen social cohesion can lead to the building of social and economic networks that can strengthen their bargaining power and ability to improve their activities and to offer mutual help in facing common threats and problems.

The final goal of empowerment is the improvement of the standard of living of the poor in various areas including food, shelter, health, security, and the environment. To do this, action is much more important than mere discourse. Programs aimed at supporting small businesses and building entrepreneurship among low-income families, for example, can be stimulating to their economic performance, which in turn will influence other factors such as motivating younger generations to acquire knowledge and skills both in formal and informal educational institutions. The poor deserve an opportunity to develop themselves. Direct creation of employment by opening up new small businesses can be one solution, particularly in Indonesia where the formal economy only absorbs a small percentage of employment. Informal economic sectors, which are often neglected by the government since their contributions to income tax are so low, are in fact “the main income opportunities for poor households” (Grant, 2004, p.47). Therefore, the activities in these informal sectors should be the main concern in empowering the poor to sustain their own life.

This dissertation makes positive contributions to social work practices and approaches. In line with social work efforts to respect the values and freedom of ‘clients,’ this research shows that by letting local community members contribute to and participate in designing and implementing programs of poverty alleviation, the goal of ending poverty can be achieved more successfully. Seeking the ideas and opinions of local people on what constitute the best and more appropriate programs for helping themselves lead to respecting people’s concerns and needs. This enables them to be more motivated as the programs are designed to address their daily difficulties and how to solve them. This democracy, both procedural and substantial, enhances people’s capacity and capability to direct the flow of the organization and activities, including controlling the budget so that it yields the utmost benefit to people and curbs the corruption and mismanagement that can endanger the sustainability of an organization and its programs.

Democracy leads to greater participation on the part of the people concerned, which enables them to contribute to and benefit from programs of poverty alleviation. People are more willing to participate for many reasons. By participating, they expect that they can contribute to improving and bettering their own community. They see genuine collaboration by the government, organizers, and other stake-holders in seeking their participation to increase the chances of improve the economic and social development of the community. Participation by the people in development can make the effort of poverty alleviation more effective and efficient. This is because people not only contribute to the human but also to the financial and intellectual resources. Participation ensures that the

programs are beneficial to local needs and priorities. It also enhances trust among participants which in turn leads to strengthening social capital among community members. Participation also accelerates poverty alleviation efforts and general development of the community as it utilizes a bottom-up approach. Local needs are accommodated in real terms as the people actively and freely contribute, collaborate, and assist at every stage of poverty alleviation development.

In line with social work approaches in community development, this research proves that integrated approaches in building people's capacity and capability to help themselves and others towards overcoming poverty are required to achieve success. Protecting the environment and building roads and bridges, for example, are beneficial in ending the isolation of the community and enhancing access to wider markets and opportunities. Community development not only improves infrastructure but also the skills and knowledge of the people, which in turn improves the human resource quality of the community. People feel proud and confident of their neighborhood and this can lead to greater productive capacity on the part of the people. The improvement of local condition boosts their capacity to seek greater opportunity and widen the market and this improves people's bargaining position when it comes to finding higher profit for their productive activities. This empowers the people to market their products so as not to depend on the local market which tends to bring lower profits. Usually, the local people cannot benefit from hikes in the prices of commodities as they are dependent on local trading middlemen for marketing these commodities. With improvements to their capacity and skill as well as the opening up of roads and

other infrastructures, local people can reap the benefit of wider market opportunities. People will be empowered when they are free to do what is best and suitable to their capacity and needs. Thus, democracy, participation and empowerment enhance the success of poverty alleviation programs.

7.5. Critiques

The organizers have to know the philosophy and benefits of group lending. The guidance as how to improve economic enterprises, how to link to the market, how to make simple calculations and accounting is important for the poor and other informal economic process to advance their activities. The new trends to cater individual borrowers (*sebra'an*) on one hand is the breakthrough to solving local problems because some people do not have enough time to mingle and cooperate with others but need money, but on the other hand they can benefit from cooperation, helping the group collateral loans diminish.

In terms of governmental support, the funds often do not come on time so that the project cannot be finished by the deadline or the organizers have to procure other loans for the building and road improvement materials from the local traders, who charge higher prices.

Organizers have to collaborate with the experts in poverty alleviation and NGOs which have more experiences in poverty alleviation. These experts can help in matters of specifics and details. As I interviewed NGO activists who are concerned in alleviating poverty, they have specific methods and expertise on how to engage the local people and how to use environmentally friendly eco-agricultural activities which integrated farming and tending animal husbandries.

The organizers together with people have also to involve local experts in development particularly from leading universities which resided in Yogyakarta. With the local experts, the poor could have new perspectives and knowledge on how to broaden their scope and activities and what new methods on certain economic activities. These activities are not only in traditional economic activities like farming, husbandry and petty traders but also look for new opportunities in local regions and other communities. Opportunities in technology and other activities can enhance the capacity and capability of the poor to access a broader market and to benefit from more macro-economic opportunities. Activities related to tourism, for example, can be explored as Yogyakarta is one of favourite tourist destinations in the country. The improvement of entrepreneurship with the help of local, regional and national experts can enhance the capability of the poor and others in upgrading their knowledge in finding new economic opportunities. The recycling of waste, for example, can be new economic opportunities as well as solving the problems in the community. The waste, not only household but toilet and recycling, can be a source of fertilizer for organic farming and therefore eliminate the source of local sickness due to the decaying garbage which causes widespread germs from flies.

The following suggestions are recommended to the organizers: The chronic poor people should be engaged more and benefit from the programs not only in social programs but also in loans. With the help of improving their entrepreneurship, the poor who are afraid of taking risks can start their economic activities with the help of organizers. Some of them may need help in linking their

product to wider market. The isolation that they usually have as they tend to live in more isolated and marginal areas due to the price of the land can be broken by engaging them more.

To the government, the government apparatus including in the village level have to be more involved in the alleviation efforts. It seems that they are satisfied with the work of the organizers and do not want to be responsible any further on the alleviating efforts. They have to keep an open door and lend helpful hand not just when they are asked but engage and provide them with support and facilities.

Addressing the problems of poverty by only giving them financial capital without really eradicating other factors that contribute to the continual creation of poverty is difficult. Thus, poverty alleviation programs delivered by the *Program Penanggulangan Kemiskinan di Perkotaan* only provide some of the tools to end or reduce poverty. This review helps to understand why some enterprises that received financial help from the poverty alleviation programs were not successful.

7.6. Further Research

Additional research should be conducted on the effectiveness of the organization in handling the problems of poverty and assisting the poor in improving their living. The organizers often do not have the full capacity to solve the problems of poverty according to local needs. The participation of the representatives of the local people certainly contributed to enhancing their capacities. The focus on micro-credit without adequately paying attention to the macro-level problems of the economy in regional, national, and global level will

put the poor at risk of engaging in the economic activities that have produced limited or no profit at all. This view eventually ruins the programs of poverty alleviation.

More research can be conducted on the strengthening of social capital of the group borrowers:

- Research on the impacts of micro-credit loans on the social and economic welfare of borrowers.
- Research on the empowerment comparing women who benefit and do not benefit from the programs.
- Surveys or comparative studies among various organizations of poverty alleviation in villages.
- Comparing the success stories of the borrowers comparing with those unsuccessful.

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Appendix: Research Ethics Compliance Certificate