The Role of District Government in Poverty Alleviation

Case Studies in Malinau and West Kutai Districts, East Kalimantan, Indonesia

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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AD</td>
<td>Anggaran dasar (statutes)</td>
</tr>
<tr>
<td>APBD</td>
<td>Anggaran Pendapatan dan Belanja Daerah (District Budget)</td>
</tr>
<tr>
<td>APBN</td>
<td>Anggaran Pendapatan dan Belanja Nasional (National State Budget)</td>
</tr>
<tr>
<td>ART</td>
<td>Anggaran rumah tangga (bylaws)</td>
</tr>
<tr>
<td>AUK</td>
<td>Aneka usaha kehutanan (multi-use forestry)</td>
</tr>
<tr>
<td>Bappeda</td>
<td>Badan Perencanaan Pembangunan Daerah (District, or Regional, Planning and Development Agency)</td>
</tr>
<tr>
<td>Bawasda</td>
<td>Badan Pengawas Pembangunan Daerah (Regional Development Supervisory Board)</td>
</tr>
<tr>
<td>BKKBN</td>
<td>Badan Koordinasi Keluarga Berencana Nasional (National Family Planning Coordination Board)</td>
</tr>
<tr>
<td>BKM</td>
<td>Bantuan Khusus Murid (Special Assistance for Students)</td>
</tr>
<tr>
<td>BKS</td>
<td>Bantuan Khusus Sekolah (Special Assistance for Schools)</td>
</tr>
<tr>
<td>BMZ</td>
<td>Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Cooperation and Development)</td>
</tr>
<tr>
<td>BPD</td>
<td>Badan Perwakilan Desa (Village Representative Council)</td>
</tr>
<tr>
<td>BPK</td>
<td>Badan Perwakilan Kampung (Village Representative Body)</td>
</tr>
<tr>
<td>BPLM</td>
<td>Bantuan Pinjaman Langsung Masyarakat (Community Direct Assistance Loan)</td>
</tr>
<tr>
<td>BPS</td>
<td>Badan Pusat Statistik (Central Statistics Agency)</td>
</tr>
<tr>
<td>CERD</td>
<td>Community Empowerment and Rural Development</td>
</tr>
<tr>
<td>CIFOR</td>
<td>Center for International Forestry Research</td>
</tr>
<tr>
<td>cm</td>
<td>Centimetres</td>
</tr>
<tr>
<td>CU</td>
<td>Credit Union</td>
</tr>
<tr>
<td>DAK</td>
<td>Dana Alokasi Khusus (Special Allocation Funds)</td>
</tr>
<tr>
<td>DAU</td>
<td>Dana Alokasi Umum (General Allocation Funds)</td>
</tr>
<tr>
<td>DPM</td>
<td>Dinas Pemberdayaan Masyarakat (Community Empowerment Service)</td>
</tr>
<tr>
<td>DPRD</td>
<td>Dewan Perwakilan Rakyat Daerah (District Legislative Assembly)</td>
</tr>
<tr>
<td>DPR RI</td>
<td>Dewan Perwakilan Rakyat Republik Indonesia (People’s Legislative Assembly)</td>
</tr>
<tr>
<td>Dr</td>
<td>Doctor</td>
</tr>
<tr>
<td>DR</td>
<td>Dana Reboisasi (Reforestation Funds)</td>
</tr>
<tr>
<td>Drs</td>
<td>Doctorandus (degree)</td>
</tr>
<tr>
<td>etc.</td>
<td>Etcetera, ‘and so on’</td>
</tr>
<tr>
<td>FoMMA</td>
<td>Forum Musyawarah Masyarakat Adat Kayan Mentarang (Kayan Mentarang Traditional Communities Deliberation Forum)</td>
</tr>
<tr>
<td>Gerbang Dema</td>
<td>Gerakan Pembangunan Desa Mandiri (Village Self-Sufficiency Development Movement)</td>
</tr>
<tr>
<td>Golkar</td>
<td>Golongan Karya Party</td>
</tr>
<tr>
<td>GSM</td>
<td>Gerakan Sendawar Makmur (Sendawar Prosperity Movement)</td>
</tr>
</tbody>
</table>
GTZ Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (Germany)

ha hectares

HPH Hak Pengusahaan Hutan (Commercial Forestry Concession)

HPHH Hak Pemungutan Hasil Hutan (Forest Product Harvest Concession)

HRK *Hutan rakyat pola kebun* (Community Forest Garden)

HRM *Hutan rakyat murni* (Pure Community Forest)

HRTS *Hutan rakyat pola tumpang sari* (Taungya Community Forest)

IFAD International Fund for Agricultural Development

IMF International Monetary Fund

IPPK Ijin Pengusahaan dan Pemungutan Kayu (Timber Extraction and Utilisation Permits)

IUKhM Ijin Usaha Kehutanan Masyarakat (Community Forestry Concessions Permit)

IUPHHK Ijin Usaha Pemungutan Hasil Hutan Kayu (Forest Timber Product Utilisation Permits)

JPS *Jaring Pengaman Sosial* (Social Security Net)

KBNK Kawasan Budidaya Non Kehutanan (Non-Forest Area)

Keppres *Keputusan presiden* (Presidential Decree)

kg kilograms

KhM Kehutanan Masyarakat (Community Forestry)

Kikis Kelompok Kerja Indonesia untuk Penanggulangan Kemiskinan (Indonesian Working Group for Poverty Alleviation)

KKPKD Kelompok Kerja Program Kehutanan Daerah (Regional Forestry Programme Working Group)

KPK Komite Penanggulangan Kemiskinan (Poverty Alleviation Committee)

Krisna National Christian Party

KTP Kartu Tanda Penduduk (Indonesian Citizen’s Identity Card)

KUB Koperasi Usaha Bersama (Joint Enterprise Cooperative)

KUKM Kredit Usaha Kecil dan Menengah (small and medium-sized enterprise)

LAKIP Laporan Akuntabilitas Kinerja Instansi Pemerintah (Performance Accountability Report of Government Institutions)

LPM Lembaga Pemberdayaan Masyarakat (Village Empowerment Organisation)

M metres

Mendagri Menteri Dalam Negeri (Minister of Home Affairs)

MOU Memorandum of Understanding

NGO non-governmental organisation

No. number

NRM Natural Resources Management Program (USAID)

P4B Pendaftaran Pemilih dan Pendataan Penduduk Berkelanjutan (Special Election and Population Registration)

PAD *Pendapatan Asli Daerah* (District Generated Revenue)

PAN National Mandate Party

PDIP Indonesian Democratic Party of Struggle

PDKB Love the Nation Democracy Party
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>PDRB</td>
<td>Produk Domestik Regional Bruto (Regional Gross Domestic Product)</td>
</tr>
<tr>
<td>Pemda</td>
<td>Pemerintah daerah (Regional government)</td>
</tr>
<tr>
<td>Pemkab</td>
<td>Pemerintah kabupaten (District government)</td>
</tr>
<tr>
<td>PhD</td>
<td>Doctor of Philosophy (doctoral degree)</td>
</tr>
<tr>
<td>PKB</td>
<td>National Awakening Party</td>
</tr>
<tr>
<td>PKK</td>
<td>Peningkatan Kesejahteraan Keluarga (Family Welfare Movement)</td>
</tr>
<tr>
<td>PMD</td>
<td>Pemberdayaan Masyarakat Desa (Community Empowerment Service)</td>
</tr>
<tr>
<td>PMDH</td>
<td>Pemberdayaan Masyarakat Desa Hutan (Rural Forest Community Empowerment)</td>
</tr>
<tr>
<td>PPP</td>
<td>United Development Party</td>
</tr>
<tr>
<td>Propeda</td>
<td>Program Pembangunan Daerah (Regional Development Programme)</td>
</tr>
<tr>
<td>Raskin</td>
<td>Beras untuk masyarakat miskin (Rice Subsidy for the Poor)</td>
</tr>
<tr>
<td>Renstra</td>
<td>Rencana strategis (Strategic Plan)</td>
</tr>
<tr>
<td>RHL</td>
<td>Rehabilitasi Hutan dan Lahan (Forest and Land Rehabilitation)</td>
</tr>
<tr>
<td>RKT</td>
<td>Annual Operational Plans</td>
</tr>
<tr>
<td>Rp</td>
<td>Rupiah (Indonesian Rupiah)</td>
</tr>
<tr>
<td>RPO</td>
<td>Rencana Pengelolaan Operasional (Operational Management Plan)</td>
</tr>
<tr>
<td>RPU</td>
<td>Rencana Pengelolaan Umum (General Management Plan)</td>
</tr>
<tr>
<td>RTRW</td>
<td>Rencana Tata Ruang Wilayah (Regional, or District, Spatial Plan)</td>
</tr>
<tr>
<td>SD</td>
<td>Sekolah dasar (Elementary School)</td>
</tr>
<tr>
<td>SFPM</td>
<td>Sarjana Fasilitator Pemberdayaan Masyarakat (community empowerment facilitators)</td>
</tr>
<tr>
<td>SHK</td>
<td>Sistem Hutan Kerakyatan (Community Forest System)</td>
</tr>
<tr>
<td>SK</td>
<td>Surat keputusan (decree)</td>
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<tr>
<td>SPK</td>
<td>Strategi Penanggulangan Kemiskinan (Poverty Reduction Strategy)</td>
</tr>
<tr>
<td>SPKD</td>
<td>Strategi Penanggulangan Kemiskinan Daerah (Regional Poverty Reduction Strategy)</td>
</tr>
<tr>
<td>SPKN</td>
<td>Strategi Penanggulangan Kemiskinan Nasional (National Poverty Reduction Strategy)</td>
</tr>
<tr>
<td>Susenas</td>
<td>Survey Sosial Ekonomi Nasional (National Social Economic Survey) (conducted by BPS)</td>
</tr>
<tr>
<td>TAP MPR</td>
<td>Ketetapan Majelis Permusyawaratan Rakyat (People’s Consultative Assembly Decree)</td>
</tr>
<tr>
<td>TP PKK</td>
<td>Tim Penggerak Peningkatan Kesejahteraan Keluarga (Family Prosperity Activation team)</td>
</tr>
<tr>
<td>Tupoksi</td>
<td>Tugas Pokok dan Fungsi (main duties and functions)</td>
</tr>
<tr>
<td>UDKP</td>
<td>Unit Daerah Kerja Pembangunan (Regional Development Work Units)</td>
</tr>
<tr>
<td>UKM</td>
<td>Usaha kecil dan menengah (small and medium-scale enterprises)</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>VDEC</td>
<td>Vocational Education Development Center</td>
</tr>
<tr>
<td>YPSS</td>
<td>Yayasan Pendidikan Sendawar Sakti (Sendawar Sakti Education Foundation)</td>
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1. Introduction

The Reform Period in Indonesia introduced a new chapter in how the Government managed poverty. Evaluation of the prior centralised approach to poverty alleviation and public consultations with government, universities, NGOs, donor organisations, economic players and poor communities (Kikis 1999) indicated that the centralised approach was outdated and that poverty alleviation should be specific to local conditions. Poor communities should not be positioned as objects of development, but rather participate as part of the solution. This means that poor communities should be involved in the planning, implementation, supervision and evaluation from the outset of a poverty eradication programme.

With decentralisation and regional autonomy in Indonesia, provincial and district governments now have the opportunity to improve the livelihoods of the communities they oversee. Regional autonomy has given local governments the authority and right to make policies more autonomously (Law No. 22 of 1999) and to organise their budgets independently (Law No. 25 of 1999). District governments are now expected to be more responsive to the issues in their regions and meet community needs directly.

To support these aims, the Center for International Forestry Research (CIFOR) worked together with the Malinau and West Kutai District Governments on a Decentralisation and Poverty Project with funding from Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), starting in 2002. The aim of this 4-year project was to increase the impact of district government policies and actions on poverty alleviation in tropical countries with large numbers of poor forest-dependent communities.

This report gives the results of one study that contributed to the project aim. It was carried out to provide a preliminary picture of the roles of district governments in overcoming poverty. It also looked at district governments’ capacity and interest in alleviating poverty in their districts at the outset of the project.

1.1 Objectives and methodology

The aim of this research was to discover:
1. Programmes undertaken by technical agencies and district secretariats of the West Kutai and Malinau district governments;
2. Perceptions of district government staff regarding the problem of poverty;
3. The existence and roles of Poverty Alleviation Committees (KPK);
4. Sendawar Prosperity Movement (GSM) policy intervention and implementation in West Kutai District; Gerbang Dema policy intervention and implementation in Malinau District;
5. The reasons for these policies being chosen;
6. Observations and evaluations of poverty made by district governments and outside parties.

The research was initiated in October 2004 with studies of available literature and discussions to provide researchers with a better understanding of the issues. District surveys took place in November and December 2004 and involved interviews with 76 respondents, 60 of whom were district government staff members, and the other 16 were villagers, businessmen, NGOs and journalists. During these surveys, secondary data was collected relating to poverty and district government poverty reduction efforts. Documents reviewed included district statistical data, regional regulations, district strategic plans, regional development programmes, district heads’ accountability reports, performance accountability reports, government service reports, project reports, and outputs from other studies.

Analysis, discussion and writing took place in Bogor between January and March 2005.
2. The Problem of Poverty in Indonesia

In 2004, the proportion of poor families in Indonesia reached 16.6%, that is 26 million out of the total population of 320 million people (KPK 2005). The ex-secretary of KPK, Gunawan Sumodiningrat, indicates that poor families have certain characteristics and conditions such as vulnerability and helplessness, and isolation and inability to channel aspiration (Sumodiningrat 2003). He also suggests that failure to make a serious attempt to tackle these conditions will result in: (1) high socioeconomic burdens on a community; (2) poor quality and unproductive human resources; (3) low levels of active community participation; (4) decline in public order and harmony within a community; (5) decline in people’s faith in the bureaucracy to provide services to the community; and (6) decline in the quality of future generations.

The Indonesian Government’s efforts to tackle poverty have been unsuccessful for three decades and are still vulnerable to changes in economic, social and political conditions and natural disasters occurring in different regions (Figure 1). Past weaknesses have been: centralised policies; a focus on charity and macroeconomic growth; an economy orientated viewpoint of poverty; positioning communities as objects; and assumptions that poverty problems and alleviation are uniform throughout the country (KPK 2002).

Figure 1. Numbers of poor people in Indonesia

The Problem of Poverty in Indonesia

The People’s Consultative Assembly Decree (TAP MPR) No. X/MPR/1998 regarding the Fundamentals of Reform and the 1945 Constitution, Articles 27, 31, 34 was realised with the promulgation of Law No. 22/1999 on Regional Governance and Law No. 25/1999 on Central and Regional Fiscal Balancing. These laws were enacted in 2001, giving decentralisation and regional autonomy a legal foundation, and had to be actualised with concrete actions by central and regional government. Observers of poverty in Indonesia always stressed that poverty must be linked to good governance implemented within a decentralisation approach (Kikis 2000). Therefore district governments found themselves at the heart of efforts to alleviate poverty in Indonesia.

2.1 Decentralisation of poverty alleviation

In 1998, the number of poor people in Indonesia rose to approximately 24.2% of the total population from 11.3% in 1996 (Figure 1). This sharp increase resulted from the 1997–1998 economic and political crisis, leading President Burhanudin Jusuf Habibie to issue Presidential Decree (Keppres) No. 21 of 1998 on an Integrated Poverty Eradication Movement and Keppres No. 190 of 1998 on Establishment of a Social Security Net (JPS). Programmes carried out in line with these decrees provided various forms of assistance, including health, education and donations of rice to the poor.

In 1999, the World Bank and the International Monetary Fund (IMF) obliged the Indonesian Government to create a Poverty Reduction Strategy (SPK) to make Indonesia’s finances more effective and efficient. President Megawati Sukarnoputri’s government thus issued Keppres No. 124/2001 to create a Poverty Alleviation Committee (KPK). The KPK’s task was to create a National Poverty Reduction Strategy (SPKN) and mainstream the state budget for poverty alleviation. This decree was then amended with Presidential Decree No. 8/2002, and later Keppres No. 34/2002. The KPK was made up of representatives from 11 ministries and the Central Statistics Agency (BPS). Jusuf Kalla, the Coordinating Minister for Community Welfare, served as KPK chairman and Professor Dr Gunawan Sumodiningrat as secretary. The committee was set up with the aim of reducing the number of poor people throughout the whole of Indonesia.

After one year, the KPK completed an interim SPKN (January 2003). The document was a framework for a long-term poverty reduction strategy. The SPKN document became the reference point for district and provincial governments in creating Regional Poverty Reduction Strategies (SPKD). The SPKN was finalised by KPK in 2005. Discussion and completion of the East Kalimantan province SPKD was planned for July 2005.

The SPKN stresses that community empowerment should be the focus of poverty alleviation in Indonesia. In accordance with government policy, the KPK formulated two main approaches to alleviate poverty. The first strategy was to boost incomes in poor communities by increasing their productivity and managerial capacities, as well as
helping them with better opportunities and social protection so they can achieve higher social, economic and political status. The second strategy was to reduce costs of basic needs for poor communities such as education, health care and infrastructure to support social and economic activities.

In order to make the National KPK programme a success and synchronise it with regional government programmes, the Department of Home Affairs (as a member of the central KPK) addressed three letters to governors and district heads, namely:


The provincial government and district governments in East Kalimantan responded positively to these ministerial letters. The East Kalimantan Provincial Government formed a provincial KPK with the chair of the Community Empowerment Service directly answerable to the governor. In mid-2003, referring to the SPKN, the East Kalimantan Provincial KPK produced general guidelines to the East Kalimantan 2003–2008 SPKD. This document later became the reference point for all the districts and towns in East Kalimantan.

A meeting of district KPKs throughout East Kalimantan was held 27–28 August 2003 in Tarakan, and the participants defined poverty as a condition whereby a person is unable to fulfil the minimum standard of living requirements: sufficient food, shelter, clothing, education and health care, as well as recreation. In the coordination meeting, participants agreed that the purpose of the KPKs was to empower poor communities to make them more self-sufficient to reduce poverty figures in East Kalimantan, where the targets are to reduce the numbers of poor in the ‘pre-prosperity’ and ‘prosperity I’ levels (BKKBN poverty categories).
3. Malinau District

Malinau District officially became an autonomous region after its break away from Bulungan District in 1999, as a result of Law No. 47/1999. This district covers an area of approximately 4.3 million hectares. It has about 4 million ha of forest cover, made up of a 2.1 million ha of production forest and 1.9 million ha of protected forest and nature reserves (BPS Kabupaten Malinau 2001) including the biodiversity rich Kayan Mentarang National Park.

The 2000 census put the population of Malinau at 36,632, while data from 2002 showed a population figure of 41,170 for Malinau District (BPS Kabupaten Malinau 2003a). According to Pendaftaran Pemilih dan Pendataan Penduduk Berkelanjutan (P4B) voter registration data from 2004, the population figure for Malinau was 45,095. This substantial population increase was due to a large influx of people migrating to Malinau to work in development projects, coal mining, and the forestry sector.

Most of the indigenous people from Malinau earn their income from dryland rice farming. To fulfil their protein, medicine and fruit requirements, farmer groups depend on the surrounding forest. Indigenous ethnic groups in this region include the Kenyah, Punan, Lundayeh, Abai, Tidung and Merap. They live in community groups and their community territories are usually designated as villages, although formally no one has legal recognition of their territory (interview with a member of the Kayan Mentarang Traditional Communities Deliberation Forum [FoMMA]).

Even though the main activity in these communities is farming, agriculture formally contributes only about 5% to the district economy. The forestry sector contributed the largest amount (58%) of the Regional Gross Domestic Product (PDRB) in 2002.

Table 1. Malinau District economic structure, 2001 and 2002

<table>
<thead>
<tr>
<th>Sector</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>Contribution (billion Rp)</td>
</tr>
<tr>
<td>Agriculture*</td>
<td>68.10</td>
<td>260.01</td>
</tr>
<tr>
<td>Mining</td>
<td>11.65</td>
<td>44.48</td>
</tr>
<tr>
<td>Processing industries</td>
<td>0.04</td>
<td>0.15</td>
</tr>
<tr>
<td>Electricity, gas, water</td>
<td>0.23</td>
<td>0.88</td>
</tr>
<tr>
<td>Construction</td>
<td>1.32</td>
<td>5.04</td>
</tr>
<tr>
<td>Trade</td>
<td>5.74</td>
<td>21.92</td>
</tr>
<tr>
<td>Transportation</td>
<td>0.72</td>
<td>2.75</td>
</tr>
<tr>
<td>Finance</td>
<td>0.08</td>
<td>0.31</td>
</tr>
<tr>
<td>Services</td>
<td>12.12</td>
<td>46.27</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>381.80</td>
</tr>
</tbody>
</table>

* Including the forestry subsector, which contributed 61.7% in 2001 and 58% in 2002.
The mining sector was second, with the services and trade subsectors third and fourth, respectively (Table 1).

### 3.1 Poverty

As different stakeholders have different perceptions of poverty, it is hard to gauge the real situation in Malinau District. Officials in the Malinau District Government have various perceptions and opinions regarding poverty that can be linked to the ‘main duties and functions’ (tupoksi) that apply in their workplaces. For instance, the agriculture and plantation service puts more stress on the technical aspects of improving agricultural productivity and treats poverty problems among the farm households as all the same. Unlike this service, the community empowerment service focuses more on problems with village development policies. However, difficulties in the field are more complicated, as the two services each execute their own programmes without coordination and synchronisation.

Organisations involved in mapping and monitoring poor families in Malinau, i.e. the National Family Planning Coordination Board (BKKBN) and Central Statistics Agency (BPS), had yet to collect any relevant data at the time this study was done (December 2004). In addition, the Malinau District Government had issued no official data sets or statistics on the number of poor people in Malinau District. The Malinau District Poverty Reduction Strategic Plan (made in 2003) could not state the number or distribution of poor people in Malinau District. It only mentioned that 126 of the 135 villages across nine subdistricts were poor. The criterion for gauging poverty was based on the Village Community Empowerment Service (PMD) definitions, i.e. Swasembada (developing), Swakarsa (transitional), and Swadaya (traditional) villages, where ‘traditional’ was defined as the most poor and ‘developing’ as the better off (see Table 2).

### Table 2. Village classification by subdistrict in Malinau District

<table>
<thead>
<tr>
<th>Subdistrict</th>
<th>Village classification (1)</th>
<th>Population in 2004 (2)</th>
<th>Area (thousand ha) (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Traditional</td>
<td>Transitional</td>
<td>Developing</td>
</tr>
<tr>
<td>Kayan Hulu</td>
<td>7</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Kayan Hilir</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Pujungan</td>
<td>19</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Malinau Kota</td>
<td>0</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Malinau Utara</td>
<td>23</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Malinau Barat</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Malinau Selatan</td>
<td>20</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mentarang</td>
<td>30</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Sungai Boh</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>109</td>
<td>17</td>
<td>9</td>
</tr>
</tbody>
</table>

Sources:  
(2) P4B voter registration figures 2004.  
(3) BPS Kabupaten Malinau (2004).
Respondents from the Malinau District Legislative Assembly were of the opinion that the poverty situation was often manipulated and used by the district government as a tool for securing attention and aid. The district government often used the issues of backwardness and poverty in Malinau to obtain General Allocation Funds\textsuperscript{11} (DAU), Special Allocation Funds\textsuperscript{12} (DAK), and foreign assistance projects. With these two issues as a backdrop, proposals became effective and succeeded in attracting the attention of provincial and central government. Several officials in Malinau District departmental services admitted this was done as a strategy for making the district development programme a success.

The poverty situation is also used by certain community groups. They manipulate and use it as a means of securing aid and attention from the district government. Legislative Assembly members pointed out a number of demands from community groups asking for facilities and infrastructure to be built for them. They do this to secure projects in the villages or subdistricts where they live. However, the proposals do not come from poor people in the village and will not necessarily help in managing poverty in their areas.

### 3.2 Malinau District Government

When the district was first formed in 1999, Marthin Billa held the position of district secretary. The district head at that time was Asmunie Alie. Marthin Billa became district head after an election held by the Malinau Legislative Assembly in 2001, and was inaugurated on 12 March 2001 by the Governor of East Kalimantan.

In 2002, Marthin Billa supervised 1137 civil servants, of whom 212 (20\%) were university graduates, 7 had postgraduate degrees, 118 had studied in academies, and the rest were high school graduates.

<table>
<thead>
<tr>
<th>Education</th>
<th>2002</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Staff</td>
<td>Functional</td>
</tr>
<tr>
<td>Primary school</td>
<td>8</td>
<td>27</td>
</tr>
<tr>
<td>Jr high school</td>
<td>37</td>
<td>8</td>
</tr>
<tr>
<td>High school</td>
<td>762</td>
<td>346</td>
</tr>
<tr>
<td>1 year college</td>
<td>25</td>
<td>19</td>
</tr>
<tr>
<td>2 y college</td>
<td>59</td>
<td>5</td>
</tr>
<tr>
<td>3 y college</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>College grad</td>
<td>205</td>
<td>126</td>
</tr>
<tr>
<td>Masters</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1137</td>
<td>568</td>
</tr>
</tbody>
</table>

In 2004, the number of civil servants in Malinau District grew to 1789, of whom 568 were low-level civil servants, 848 held functional posts, and 373 were in structural positions. There was also a notable increase in the number of civil servants with degrees and postgraduate degrees, growing from 212 in 2002 to 457 in 2004 (Table 3).

Local ethnic groups are influential in the Malinau District Government. During the 2004 Irau, traditional ceremonies were held every day and the district head was presented with honorary titles from every ethnic group (Lundayeh, Kenyah, Merap, Tidung and Punan) in Malinau. The district’s staff is largely local: of 28 officials in structural positions, 18 are indigenous people, while only 10 come from outside the district (Table 4).

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>District Secretary, District Assistant, Section Head</th>
<th>Agency Head, Technical Agency Head, Service Head</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenyah</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Tidung</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Lundayeh</td>
<td>3</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>18</td>
<td>28</td>
</tr>
</tbody>
</table>


Based on the mandate of Law No. 7/2000 on the Establishment of Malinau District, in the absence of a judicial organisation or elections commission, members of the Legislative Assembly in the original district prior to subdivision (Bulungan District) and representing subdistricts in Malinau automatically became members of the new Malinau District Legislative Assembly. Political parties in Malinau accepted this policy. The winning party in the 1999 election that had succeeded in entering representatives as members of the Bulungan Legislative Assembly accepted them back to sit in the Malinau District Legislative Assembly. There were 20 members of the Malinau Legislative Assembly in the 1999–2004 period (Table 5). All of them were men, nine of whom were high school graduates and 11 held university degrees.

<table>
<thead>
<tr>
<th>Faction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Golongan Karya Party (Golkar)</td>
<td>8</td>
</tr>
<tr>
<td>The Indonesian Democratic Party of Struggle</td>
<td>6</td>
</tr>
<tr>
<td>(PDIP)</td>
<td></td>
</tr>
<tr>
<td>National Christian Party (Krisna)</td>
<td>3</td>
</tr>
<tr>
<td>National Mandate Party (PAN)</td>
<td>1</td>
</tr>
<tr>
<td>Armed Forces/Police</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
</tr>
</tbody>
</table>

3.3 Policies and district budget allocation

The 2001–2006 Regional Development Programme (Propeda) for Malinau District was ratified through District Regulation No. 2/2002 on the Malinau District Development Programme for 2001–2006. The programme included the General Guidelines and Strategies for the Village Self-Sufficiency Movement (Gerbang Dema) by the Village Community Empowerment Service, and was strengthened by Malinau District Head Decree No. 401/2002 of 25 September 2002. In both documents, the District Government of Malinau aims at self-sufficiency of villages within the district by 2010 (see Box 1).

To help realise this target, the district government has divided Malinau into three regions: Region I (Malinau Town, West Malinau, North Malinau and South Malinau subdistricts), Region II (Mentarang and Pujungan subdistricts), and Region III (Kayan Hulu, Kayan Hilir and Sungai Boh subdistricts). These three regions will later become centres of development for surrounding villages and subdistricts (Malinau District Regulation No. 2/2002).

**Box 1. Steps towards village self-sufficiency**

1. Pre self-sufficient: a traditional village, no outside influences, low productivity with earnings only from the primary sector.
2. Partially self-sufficient: a village that is one stage more advanced than a pre self-sufficient village, where customs and traditions are undergoing transition, outside influences have begun to appear in the village causing more progressive thinking and increased employment, with villagers’ incomes beginning to develop from the primary to secondary sectors. Productivity increases along with improved village infrastructure.
3. Self-sufficient: a village that is one stage more advanced than a partially self-sufficient village, where customs involve more rational interpersonal relationships, villagers’ incomes have become more diversified, moving to tertiary sectors, new technology is being utilised; high productivity is balanced by sufficient infrastructure.

Source: Gerbang Dema Strategy General Guidelines.

The Malinau District Strategic Plan for 2002–2006 was ratified in 2002 through District Regulation No. 3/2002. According to the head of Bappeda (the District Development Planning and Development Agency), the 2002 strategic plan needs to be revised and adjusted to actual conditions in Malinau. Bappeda sent letter No. 50/326/Bapp-Mal/X/2004 to the district head proposing a draft regulation for revising the strategic plan.

This strategic plan is a product of Bappeda and has involved deliberation with numerous government agencies, technical agencies, services, subdistricts and NGOs. This draft revision of the strategic plan was made by Bappeda by including new analyses that
reflect the programme priorities of the current Indonesia Bersatu Cabinet (2004–2009) led by President Susilo Bambang Yudhoyono: (1) the eradication of illegal logging, (2) optimising the Poverty Reduction Committee, and (3) care for poor farmers (see Table 6).

Table 6. Malinau District Government strategies

<table>
<thead>
<tr>
<th></th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External Environment Analysis</strong></td>
<td>1. Availability of applicable regulations</td>
<td>1. Lack of government and community competence</td>
</tr>
<tr>
<td></td>
<td>2. Large areas of land available for potential development in the agriculture sector</td>
<td>2. Market potential yet to be developed</td>
</tr>
<tr>
<td></td>
<td>3. High natural resource potential</td>
<td>3. Economy dependent on outside parties</td>
</tr>
<tr>
<td></td>
<td>4. Effective cooperation between legislative and executive branches of government</td>
<td>4. Incomplete database on regional potential</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Limited infrastructure, social and public facilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Increased illegal logging activity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. Large numbers of families remain poor</td>
</tr>
<tr>
<td><strong>Internal Environment Analysis</strong></td>
<td>1. Utilise legislation to strive for free market opportunities</td>
<td>1. Improve the capacity of government apparatus by making an MOU with the district or town administrations</td>
</tr>
<tr>
<td></td>
<td>2. Utilisation of potential human resources could spur district/town and overseas cooperation</td>
<td>2. Increase cooperation with neighbouring countries in developing infrastructure, public and social facilities</td>
</tr>
<tr>
<td></td>
<td>3. Utilise the relatively high population growth to strive for free market opportunities as well as regional and international cooperation</td>
<td>3. Tackle illegal logging through cooperation with the district or town administrations and neighbouring countries</td>
</tr>
<tr>
<td></td>
<td>4. Utilise good relations between executive and legislative bodies to increase levels of prosperity for civil servants and communities as well as increasing cooperation with districts or towns</td>
<td></td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td>1. Opportunity for a free market economy</td>
<td>1. Increase competence for advances in technology</td>
</tr>
<tr>
<td></td>
<td>2. Malinau District’s geographic location and proximity to Brunei and Malaysia enable regional cooperation</td>
<td>2. Develop market potential by using technology to create high quality products</td>
</tr>
<tr>
<td></td>
<td>3. Opportunity to establish cooperation with districts or towns</td>
<td>3. Finalise database on regional potential in line with advances in technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Increase infrastructure development to overcome competition with other regions with the same commodities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Pay more attention to poor subsistence farmers</td>
</tr>
<tr>
<td><strong>Threats</strong></td>
<td>1. Rapid advances in technology</td>
<td>1. Utilise prevailing legislation to spur technological progress</td>
</tr>
<tr>
<td></td>
<td>2. Influx of high-quality, competitively priced imported goods</td>
<td>2. Utilise potential human resources to increase output of prime district products</td>
</tr>
<tr>
<td></td>
<td>3. Districts competing with the same commodities</td>
<td>3. Utilise potential human resources in sectors other than oil and gas to tackle the economic crisis</td>
</tr>
<tr>
<td></td>
<td>4. Ongoing economic crisis</td>
<td>4. Work together with other districts to increase principal commodities</td>
</tr>
<tr>
<td></td>
<td>5. Difficult access to border areas</td>
<td>5. Utilise the relatively large population growth and advances in technology to produce high-quality products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Optimise the function and role of the Poverty Reduction Committee</td>
</tr>
<tr>
<td><strong>Source:</strong> Bappeda Kabupaten Malinau (2004).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.3.1 New subdistricts and village mergers

When Malinau District was first established, it was made up of only five subdistricts and 135 villages. These were then split into nine subdistricts through Malinau District Regulation No. 5/2002. Malinau Subdistrict was split into four subdistricts: (1) Malinau Town, (2) West Malinau, (3) South Malinau, and (4) North Malinau. Kayan Hulu Subdistrict was split into Kayan Hulu and Sungai Boh subdistricts. Even though new subdistricts were established, existing villages did not change. There were no additions or reductions in village numbers or areas. Villages continued to adhere to previous administrative areas.

The idea to merge villages in Malinau District was established through Malinau District Head Decree No. 401/2002 on Development Strategy for Self-Sufficient Villages and began to come to fruition in 2003. The objective of the mergers was to increase government efficiency in providing services to the public. Based on Malinau District Head Decree No. 232/2003 on Village Merger Procedures, subdistricts facilitated the Community Empowerment Service and the Malinau District Government Structure Division to carry out initial awareness building programmes about the plans in the 100 villages where mergers were proposed.

Within 10 months of the decree being issued, 12 new villages had been formed from the merger of 50 old villages. In 2004, Malinau District thus consisted of 97 villages across nine subdistricts (see Table 7).

<table>
<thead>
<tr>
<th>Subdistrict</th>
<th>Number of pre-merger villages</th>
<th>Number of post-merger villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malinau Town</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>North Malinau</td>
<td>19</td>
<td>4</td>
</tr>
<tr>
<td>Mentarang</td>
<td>17</td>
<td>2</td>
</tr>
<tr>
<td>Pujungan</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>50 villages</td>
<td>12 villages</td>
</tr>
</tbody>
</table>

Source: District Head Decree No. 172/2004 on Post-Merger Villages.

A consequence of the merger of these villages was that existing village heads and administrations, village assemblies, village community empowerment organisations and customary chiefs lost their positions, while new village officials were appointed.

3.3.2 District Budget (APBD)

According to Law No. 25/1999, district revenues should originate from: (1) balancing funds, (2) District Generated Revenue (PAD), and (3) other legitimate earnings. Every year, Malinau District Government strives to secure more revenue than in previous
years (prior to decentralisation). The next priority is to develop physical infrastructure, especially building a central area for the district government, civil servant and district government housing estates, a sports hall, hospital and new roads (interviews with Malinau District Government officials, December 2004).

Malinau District’s revenue in 2002 was around Rp 405.3 billion (Pemerintah Kabupaten Malinau 2003b). This revenue consisted of Rp 75.5 billion left over from the previous year’s budget, Rp 300 billion in balancing funds, PAD of Rp 11 billion, and Rp 19 billion from other sources (see Table 8).

These earnings are allocated for routine and development spending. One of the people interviewed for this study reported that Rp 41 billion was allocated for routine spending to pay the salaries of approximately 1200 civil servants. The remaining Rp 100 billion was for maintenance, goods purchases and official travel.

Development spending for 2002 was Rp 200.4 billion. But, according to the performance accountability report (LAKIP) of the Malinau District Government for 2002 (Pemerintah Kabupaten Malinau 2003b), only Rp 86.6 billion was spent on development. This means that Rp 113.8 billion from the development budget was not written down or detailed in the LAKIP report. District government staff said that in 2002 the substantial sum of Rp 45 billion was spent on governance and supervision apparatus, and another Rp 40 billion on the transportation sector.

In 2003, Malinau District revenue was Rp 615.156 billion. This revenue consisted of: (1) Rp 75.9 billion left over from the previous year’s budget, (2) PAD of Rp 29.5 billion, (3) Rp 414.9 billion in balancing funds, and (4) Rp 94.7 billion in loans.

According to the LAKIP of Malinau District Government for 2003 (Pemerintah Kabupaten Malinau 2004), some Rp 171.6 billion was allocated from the district budget

### Table 8. Developments in Malinau District budget

<table>
<thead>
<tr>
<th></th>
<th>2002 (million Rp)</th>
<th>2003 (million Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remaining budget from the previous year</td>
<td>75 478</td>
<td>75 972</td>
</tr>
<tr>
<td>District Generated Revenue (PAD)</td>
<td>11 021</td>
<td>29 537</td>
</tr>
<tr>
<td>Balancing funds</td>
<td>299 384</td>
<td>414 919</td>
</tr>
<tr>
<td>Other legitimate sources</td>
<td>19 422</td>
<td>0</td>
</tr>
<tr>
<td>Loans</td>
<td>0</td>
<td>94 729</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>405 305</td>
<td>615 156</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Routine</td>
<td>141 677</td>
<td>171 619</td>
</tr>
<tr>
<td>Development</td>
<td>200 444</td>
<td>303 102</td>
</tr>
<tr>
<td>District expenses</td>
<td>0</td>
<td>21 000</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>342 111</td>
<td>495 721</td>
</tr>
</tbody>
</table>

for routine expenditures, including: (1) Rp 30.7 billion for civil servants’ salaries, and (2) Rp 141 billion for goods purchases, maintenance and official travel. Development expenditure was Rp 303 billion and allocated for: (1) Rp 122.4 billion was spent on governance and supervision apparatus, (2) Rp 123 billion on the transportation sector, and (3) the remaining Rp 47.6 billion was shared between other sectors.

3.3.3 Gerbang Dema

The term Gerbang Dema appears in the district vision of: The creation of a just society in Malinau District through a Village Self-Sufficiency Development Movement (Gerakan Pembangunan Desa Mandiri or, in abbreviated form, Gerbang Dema). In the district strategic plan, Gerbang Dema is meant for empowering village autonomy referring to legislation and adhering to principles of good governance (accountable, participatory and transparent).

Following the seminar on Gerbang Dema held in October 2002 by the Community Empowerment Service (PMD), the term became very popular with government officials. This was apparent when every official kept using the term Gerbang Dema during district surveys. However, as discussions developed, it also became clear that perceptions regarding Gerbang Dema were very diverse and extremely different from the principles included in the Gerbang Dema itself. Some respondents said Gerbang Dema was like a one-size-fits-all shirt, meaning that all district government and agencies’ programmes could use the label Gerbang Dema.

In 2002, the district government claimed to have carried out 96 village development projects, spending approximately Rp 74.6 billion (see Table 9). Despite the substantial amounts being spent, many respondents felt these programmes had not been participatory or transparent in their implementation. There were many questions from respondents

<table>
<thead>
<tr>
<th>Subdistrict*</th>
<th>Production sector</th>
<th>Transportation sector</th>
<th>Social sector</th>
<th>Economics sector</th>
<th>Village infrastructure sector</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. projects</td>
<td>Value (billion Rp)</td>
<td>No. projects</td>
<td>Value (billion Rp)</td>
<td>No. projects</td>
<td>Value (billion Rp)</td>
</tr>
<tr>
<td>Kayan Hulu</td>
<td>2</td>
<td>0.8</td>
<td>0</td>
<td>–</td>
<td>5</td>
<td>3.3</td>
</tr>
<tr>
<td>Sungai Boh</td>
<td>0</td>
<td>–</td>
<td>2</td>
<td>1.5</td>
<td>3</td>
<td>3.0</td>
</tr>
<tr>
<td>Kayan Hilir</td>
<td>1</td>
<td>0.2</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Pujungan</td>
<td>0</td>
<td>–</td>
<td>3</td>
<td>1.2</td>
<td>7</td>
<td>3.4</td>
</tr>
<tr>
<td>South Malinau</td>
<td>0</td>
<td>–</td>
<td>3</td>
<td>6.5</td>
<td>3</td>
<td>1.9</td>
</tr>
<tr>
<td>West Malinau</td>
<td>0</td>
<td>–</td>
<td>2</td>
<td>6.0</td>
<td>4</td>
<td>1.1</td>
</tr>
<tr>
<td>North Malinau</td>
<td>0</td>
<td>–</td>
<td>6</td>
<td>9.3</td>
<td>8</td>
<td>7.1</td>
</tr>
<tr>
<td>Mentarang</td>
<td>2</td>
<td>0.6</td>
<td>2</td>
<td>4.6</td>
<td>4</td>
<td>1.9</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>1.6</td>
<td>20</td>
<td>30.1</td>
<td>38</td>
<td>21.7</td>
</tr>
</tbody>
</table>

Note: * Malinau Subdistrict receives no funding under the Gerbang Dema programme. Source: BPS Kabupaten Malinau (2003a).
from communities in South Malinau and West Malinau subdistricts. These questions showed that the principles of Gerbang Dema (being accountable, participatory and transparent) were not being fully implemented. Communities commonly felt the programme was ineffective, wasteful and inappropriate to the needs of the communities it involved.

### 3.4 The Poverty Alleviation Committee’s handling of poverty

The Poverty Alleviation Committee (KPK) in Malinau District was established in accordance with Malinau District Head Decree No. 365/2002, dated 6 September 2002. In August 2003, one year after its formation, the committee had finished drafting its Regional Poverty Alleviation Strategic Plan. The chair of the KPK in Malinau proposed 28 programmes for tackling poverty issues in Malinau. The KPK programmes included in the strategic plan could not be carried out in 2004 as they were not budgeted for in the district budget (APBD). Therefore the same programmes were proposed again for 2005.

On 16 May 2005, Malinau District Head Decree No. 365/2002 was amended by Malinau District Head Decree No. 78/2005 on Establishment of a Poverty Alleviation Committee in Malinau District in 2005 (see Box 2).

<table>
<thead>
<tr>
<th>Box 2. Malinau District Poverty Management Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Duties of the Malinau District Poverty Management Committee:</strong></td>
</tr>
<tr>
<td>1. Undertake comprehensive and integrated poverty management activities coordinated within a forum called the Poverty Management Committee that is responsible directly to the Malinau District Head.</td>
</tr>
<tr>
<td>2. Act as a forum for coordinating poverty management policies and programmes determined by the government.</td>
</tr>
<tr>
<td>3. Undertake concrete steps to accelerate reduction in the number of poor people in Malinau District through:</td>
</tr>
<tr>
<td>a. Empowering and developing human capacity with aspects of education, health and improving other basic requirements</td>
</tr>
<tr>
<td>b. Empowering and developing human capacity in relation to improving environment, housing and supporting infrastructure</td>
</tr>
<tr>
<td>c. Empowering and developing human capacity in relation to business, employment opportunities and other means for increasing incomes.</td>
</tr>
<tr>
<td>4. Formulate poverty management policies and programmes, as well as guidelines for their implementation in the field and guidelines for follow-up policies, and report outcomes to the Malinau District Head.</td>
</tr>
<tr>
<td>5. Create uniform perceptions of poor people as the target group and agents of poverty management, as well as cultivating concern among government agencies, NGOs, national and regional businesses, professional organisations and elements within the community.</td>
</tr>
</tbody>
</table>
6. Coordinate among government offices and agencies in the formulation of policies and programmes covering funding, programme planning, determining budget allocation requirements for Bappeda in Malinau, as well as overseeing their implementation by district government offices/technical agencies, giving guidance to the district head, as well as accepting input from community organisations, businessmen, community figures, and youth figures operating in the field of poverty management.

Chair: Head of the Malinau District PMD
Secretary: Head of the Malinau District PMD Administration Division
Members:
1. Head of the Malinau District Agriculture Office
2. Head of the Malinau District Education Office
3. Head of the Malinau District Health Department
4. Head of the Malinau District Trade, Industry and Cooperatives Office
5. Head of the Malinau District Demography and Labour Office
6. Head of the Malinau District Housing and Regional Infrastructure Office
7. Head of the Malinau District Central Statistics Agency
8. Head of the Malinau District Community Economy Suboffice in the PMD Office
9. Head of the Socio-Cultural and Economy Division in Malinau District Development Planning Agency
10. Head of the Malinau District Secretariat Social Division
11. Head of the Malinau District Secretariat Legal and Organisational Division
12. Head of the Malinau District Secretariat Finance Division
13. Head of the Malinau District Secretariat Programme Division
14. Head of the Malinau District Secretariat Economy Division
15. Subdistrict heads throughout Malinau District.

Source: Malinau District Head Decree No. 78/2005.

The former chairman of the KPK, the late Yermia Bumbu, was very supportive of the KPK. As chair of the Bappeda (Regional Development Planning and Development Agency), he still cared very much about the KPK and hoped the issue of bureaucrats being difficult to coordinate could be resolved. He believed that by using an interagency committee, structural problems, hierarchical attitudes among tiers and echelons could be made to disappear. He said that, apart from the work it has done with CIFOR, the KPK had yet to discuss and carry out research to determine poverty criteria and indicators in Malinau District.

Yusuf Rapa, the new head of the Community Empowerment Service (PMD), has a different opinion and questions the existence of the committee and its unclear role. He added at the end of 2004 that there had been no operational budget for the KPK from the district government.

According to Malinau District Government policy, the KPK should channel General Allocation Funds (DAU) into poverty alleviation programmes in Malinau. This means that in 2002, the KPK Malinau had responsibility to arrange programmes for managing
poverty through budgets sourced from general allocation fund as much as Rp 78 billion, and in the next year, 2003, as much as Rp 94 billion (interview with staff of the Community Empowerment Service).

3.5 Government programmes and perceptions of poverty

3.5.1 Community Empowerment Service (PMD)

The PMD was established through Malinau District Regulation No. 10/2001. It is responsible for helping the district head in empowering village communities. In its organisational structure it is divided into four subservices: (1) Community Resilience Subservice, (2) Community Socio-Cultural Subservice, (3) Community Economy Subservice, and (4) Appropriate Technologies Utilisation Subservice.

The PMD’s objective is the creation of prosperous and fair self-sufficient villages. In accordance with its mandate, the PMD has a central role in running Gerbang Dema and poverty alleviation. Apart from its role in strengthening community and village organisations, the PMD is also the secretariat of the KPK.

**Box 3. Malinau District Community Empowerment Service**

**Functions and duties:**
1. Formulation and preparation of policies to facilitate community resilience
2. Formulation and preparation of policies to facilitate community businesses
3. Formulation and preparation of policies to facilitate the utilisation of natural resources
4. Coordination of community empowerment programmes
5. Facilitation and evaluation of community empowerment programmes
6. Administration and management of the PMD.


When it was first established, the PMD was led by Yermia Bumbu, who was successful in carrying out his duties and responsibilities (interviews with PMD staff members). Even though he was transferred to the Regional Planning and Development Agency (Bappeda), Yermia Bumbu was still very much concerned with the problem of poverty. He proposed empowering and optimising the role of the KPK in a revision of the Malinau District strategic plan (see Table 5).

In the middle of 2004, Yusuf Rapa took over as head of the PMD (prior to which, he was working as specialist staff in Regional government (Pemda) for village government division).
Perceptions of poverty
According to Yusuf Rapa, there are many dimensions of poverty. It is not only a question of basic food, shelter and clothing requirements, but also encompasses social and cultural issues. He explained that poverty in Malinau District was caused by misguided centralistic, Java-centric and top-down policies of the New Order government—meaning there was no development in Malinau. Fortunately, he says, now that there is decentralisation, Malinau District can undertake its own development efforts based on community aspirations and development needs suited to the culture and traditions of communities in Malinau. For that reason, the PMD now uses ‘aspiratory’ (demand-driven) and ‘participatory’ approaches in undertaking its programmes.

In Rapa’s opinion, poor communities in Malinau District cannot be classified using Central Statistics Agency criteria. The district needs to determine its own criteria and indicators on poverty in Malinau, so that figures reported truly reflect the real situation. The head of the PMD said that the district head’s vision of Gerbang Dema had been realised in PMD intervention and programmes, including overcoming the problem of poverty in Malinau.

PMD Activities
2. Facilitating establishment of BPD (Badan Perwakilan Desa or Village Representative Council) (2002 and 2003)
4. Improving human resources capacity (every year)
5. Optimising traditional institutions
6. Developing appropriate technologies
7. Channelling funds to the 135 villages
8. Malinau District Poverty Alleviation Strategic Plan

3.5.2 Agriculture Service
In 2004, the head of the Malinau District Agriculture Service was Ir. Yulius Yagung. Previously it was Ir. Abdul fatah Zulkarnaen. In 2003, the Agriculture Service employed 37 full-time civil servants, as well as 33 district government staff and 37 project workers paid by honorarium (Dinas Pertanian Kabupaten Malinau 2004).

The Agriculture Service’s vision is to establish modern, sturdy and efficient farming for progressive and prosperous farming communities. This vision is translated into the following missions: (1) increasing government performance and farming innovations in providing a service to farmers; (2) developing self-sufficiency and food commodities;
and (3) developing village-based farming commodities towards agribusiness and agroindustry.

**Perception of poverty**

According to service staff, poverty is a condition where people are unable to fulfil their everyday needs, and cannot guarantee a decent yield from their efforts. Farmers in the Malinau area demonstrate these characteristics and can be considered poor and need help to become prosperous.

Agriculture Service programmes do not differentiate between poor and more well off farmers—all are treated in the same way. Interventions include providing agricultural extension and technical assistance with farming, as well as developing agribusinesses with farmer groups (see Table 10).

### Table 10. Malinau District Agriculture Service Projects, 2003

<table>
<thead>
<tr>
<th>Project (source of funding)</th>
<th>Budget (million Rp)</th>
<th>Other units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving rice intensification and enlarging planting areas (APBN)</td>
<td>1748.9</td>
<td></td>
</tr>
<tr>
<td>Community food security development (APBN)</td>
<td>199.2</td>
<td></td>
</tr>
<tr>
<td>Developing beef cattle agribusiness (APBN)</td>
<td>340.0</td>
<td></td>
</tr>
<tr>
<td>Empowering agricultural extensions officers (APBN)</td>
<td>124.0</td>
<td></td>
</tr>
<tr>
<td>Developing rural fish farming (APBN)</td>
<td>292.0</td>
<td></td>
</tr>
<tr>
<td>Horticulture for cempedak + rambutan (Provincial Budget)</td>
<td>50 ha</td>
<td></td>
</tr>
<tr>
<td>Building farming roads in Mentarang Subdistrict (Provincial Budget)</td>
<td>2200 metres</td>
<td></td>
</tr>
<tr>
<td>Fish farming (Provincial Budget)</td>
<td>15.0</td>
<td></td>
</tr>
<tr>
<td>Operational assistance with agricultural inputs (District Budget)</td>
<td>255.0</td>
<td></td>
</tr>
<tr>
<td>Fish farming (District Budget)</td>
<td>310.0</td>
<td></td>
</tr>
<tr>
<td>Routine (District Budget)</td>
<td>228.9</td>
<td></td>
</tr>
</tbody>
</table>


Usually this assistance will be given in accordance with members’ needs and shared evenly by farmer groups. This is in order to prevent envy among members and also to strengthen group unity. By 2003, there were 177 farmer groups, with a total of 3756 members guided by 20 Agricultural Extensions Workers (Dinas Pertanian Kabupaten Malinau 2004).

### 3.5.3 Forestry and Plantations Service

The head of this service is Ir. Sudarsono. Although there are separate services, the Malinau District Government includes the forestry and plantations subsectors in the agriculture sector when calculating Regional Gross Domestic Product (PDRB). The
forestry subsector provides a large contribution to PAD and PDRB in Malinau District. PAD from this subsector is collected through taxes, regional levies and third-party contributions.

Malinau Forestry Service statistics only record log production. No data has been collected on other forest products such as gaharu, medicines, rattan and game. The same is true for companies’ Rural Forest Community Empowerment (PMDH) reports and various land rehabilitation projects paid for by DAK-DR. Log production was relatively stable from 2001 to 2003 at approximately 550,000 cubic metres a year. This production was from 18 commercial forestry concessions (HPH) and 46 Timber Extraction and Utilisation Permits (IPPK) in 2001, and 18 HPHs and 11 Forest Timber Product Utilisation Permits (IUPHHK) since 2002 (Table 11).

Table 11. Forestry concession developments in Malinau District

<table>
<thead>
<tr>
<th>Year</th>
<th>HPH Total (ha)</th>
<th>IPPK Total (ha)</th>
<th>IUPHHK Total (ha)</th>
<th>Log production (1000 m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>11 1 610 050</td>
<td>0 0 0</td>
<td>0 0</td>
<td>N/A</td>
</tr>
<tr>
<td>1997</td>
<td>12 1 636 750</td>
<td>0 0 0</td>
<td>0 0</td>
<td>N/A</td>
</tr>
<tr>
<td>1998</td>
<td>12 1 636 750</td>
<td>0 0 0</td>
<td>0 0</td>
<td>N/A</td>
</tr>
<tr>
<td>1999</td>
<td>18 1 152 699</td>
<td>0 0 0</td>
<td>0 0 0</td>
<td>614.0</td>
</tr>
<tr>
<td>2000</td>
<td>18 1 776 350</td>
<td>15 42 350</td>
<td>0 0</td>
<td>365.6</td>
</tr>
<tr>
<td>2001</td>
<td>18 1 776 350</td>
<td>46 56 000</td>
<td>0 0</td>
<td>546.7</td>
</tr>
<tr>
<td>2002</td>
<td>18 1 776 350</td>
<td>0 0 11</td>
<td>363 925</td>
<td>570.5</td>
</tr>
<tr>
<td>2003</td>
<td>18 1 776 350</td>
<td>0 0 11</td>
<td>363 925</td>
<td>529.5</td>
</tr>
</tbody>
</table>

Notes: HPH = Hak Pengusahaan Hutan (Commercial Forest Concession); IPPK = Ijin Pengusahaan dan Pemungutan Kayu (Timber Extraction and Utilisation Permits); IUPHHK = Ijin Usaha Pemungutan Hasil Hutan Kayu (Forest Timber Product Utilisation Permits).


Beside the changes in types of forest concessions, large-scale changes in land status have taken place in the district. Large areas of permanent forest have been turned into conversion forest. We found that the area of forested land in Malinau District fell by 600,000 hectares between 2001 and 2003 to become non-forestry cultivation areas (Table 12).

Table 12. Forest utilisation developments in Malinau District

<table>
<thead>
<tr>
<th>Forest type</th>
<th>Area 2001 (1)</th>
<th>Area 2003 (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protected Forest</td>
<td>714 000</td>
<td>744 647</td>
</tr>
<tr>
<td>Nature/wildlife reserves</td>
<td>1 176 000</td>
<td>1 030 170</td>
</tr>
<tr>
<td>Permanent production forest¹</td>
<td>336 000</td>
<td>453 653</td>
</tr>
<tr>
<td>Limited production forest²</td>
<td>1 813 000</td>
<td>1 280 836</td>
</tr>
<tr>
<td>Other conversion forests /KBNK</td>
<td>166 000</td>
<td>752 763</td>
</tr>
<tr>
<td>Total</td>
<td>4 206 000</td>
<td>4 262 069</td>
</tr>
</tbody>
</table>

Sources: (1) BPS Kabupaten Malinau (2002). (2) BPS Kabupaten Malinau (2004).
**Perception of poverty**

Communities in Malinau live near forests and rely on forest products for their livelihoods. The current situation is different from before as the cost of living is steadily increasing and they need money to pay for goods and services. Consequently, the Malinau District Government issued District Regulations No. 6 and No. 7 so that communities could benefit financially from forests. However, communities in Malinau District remain poor due to the lack of facilities and roads making it difficult to market their produce, while they must buy food at high prices.

**3.5.4 Social-Economics and Investment Division**

The head of the Malinau District Government Social-Economics and Investment Division is Mrs Jahra. The Social-Economics and Investment Division, under the District Secretariat, works to provide a service to economic players and channel aid directly to individual community members or groups. Other help it provides are: (1) subsidised rice for the poor (Raskin), (2) subsidised flights, (3) goods transportation subsidies, (4) assistance with lighting, and (5) clean water for rural areas.

Rice for the poor is only provided in five subdistricts. The other four districts in Malinau—(1) Malinau Utara, (2) Kayan Hulu, (3) Kayan Hilir and (4) Sungai Boh—do not receive a rice quota. The district government made this decision on the basis of high transport costs (interview with the head of the Social-Economics and Investment Division).

One-hundred and five tonnes of rice was provided in 2002, while in 2003 it was only 45.5 tonnes (Table 13). Respondents admitted there was no data regarding the number of Raskin recipient families, or the conditions of those families. The distribution of rice for the poor is left to subdistrict and village authorities. Nevertheless, the rice for the poor programme will continue through 2004 and 2005.

Malinau District Government implemented the airline flights and goods transportation subsidy policy to overcome the problem of no overland access to more remote areas.

<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subdistrict</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Malinau Town</td>
</tr>
<tr>
<td>South Malinau</td>
</tr>
<tr>
<td>West Malinau</td>
</tr>
<tr>
<td>Mentarang</td>
</tr>
<tr>
<td>Pujungan</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

The policy is also intended to help stabilise prices so that remote communities can manage to buy basic necessities.

Flights and transportation were subsidised by the state APBN and provincial APBD budgets until 2001. From 2002 to 2004, they were only subsidised by the province and the district. Subsidies increased from Rp 4.6 billion in 2002 to almost Rp 7.7 billion in 2003 (Table 14). District government rules state that those eligible for subsidies must register beforehand with the airline after requesting explanatory letters from the village and subdistrict authorities. Once these conditions are met, the person making the request is eligible to receive a subsidised ticket. The district government cooperates with airlines for these subsidised flights so that the airlines can afford to keep running flights to those areas.

<table>
<thead>
<tr>
<th>Year</th>
<th>Airline</th>
<th>Subsidies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>DAS</td>
<td>650</td>
<td>650</td>
</tr>
<tr>
<td>2002</td>
<td>DAS</td>
<td>2771</td>
<td>4613</td>
</tr>
<tr>
<td></td>
<td>MAF</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BAT</td>
<td>1242</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>DAS</td>
<td>3240</td>
<td>7689</td>
</tr>
<tr>
<td></td>
<td>MAF</td>
<td>2511</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BAT</td>
<td>1937</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>DAS</td>
<td>2522</td>
<td>5942</td>
</tr>
<tr>
<td></td>
<td>MAF</td>
<td>2318</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BAT</td>
<td>551</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AIRFAN</td>
<td>551</td>
<td></td>
</tr>
</tbody>
</table>


Several respondents said that the Social-Economics Division is looking into the possibility of working with investors from Malaysia to develop palm oil plantations, coal mines and roads to connect subdistricts in Malinau District.

**Perception of poverty**

According to the head of the Social-Economics Division, one reason that communities in Malinau are still poor is that their geographic isolation makes it difficult for them to obtain food and clothing requirements and to fulfil their health and education needs. It is for these reasons that Malinau District Government, through its Social-Economics Division, provides help with rice, subsidised flights and transportation, as well as electricity and clean water in remote areas.

**3.5.5 Other stakeholders**

**DPRD**

The Community Livelihood Commission of the Malinau District Legislative Assembly (DPRD) is of the opinion that poverty will be an ongoing issue, but that it could be
alleviated through accelerated development and investments made either by domestic or overseas investors. Investment will increase economic growth and in turn increase community livelihoods. The conclusion drawn from comparative studies and visits to other regions was that the more investment a region receives, the more developed and economically progressive it will become.

Companies
A contractor agreed with the DPRD idea that investment in Malinau District will improve its economy. However, he doubted its hypothesis on poverty alleviation, saying that it is an issue of development programme priorities and the conduct of bureaucrats. He argued that there should no longer be any poor people in Malinau District. As a player in the economy, he has made small business financial calculations. It would be sufficient to allocate 10% of the Malinau District budget (Rp 50 billion) towards microeconomic development, so that in one year the poor would be self-sufficient and able to pay instalments on their credit in the following year. If aid recipients remain poor, then the issue is one of corruption.

Credit unions
The Femung Pebaya Credit Union (CU) is managed by Drs Singa Gerson, who feels that poverty is a mental and cultural issue. Efforts to eradicate poverty should be undertaken by removing the culture of being poor, of being wasteful, ignorant of saving, and using money irrationally. The credit union facilitates communities’ savings needs and rationalises their spending. The service is still limited to Malinau Subdistrict, but in 2005 will open a network in South Malinau Subdistrict.

The credit union’s customers are members and shareholders at the same time. Members not only receive interest, but also dividends on the credit union’s business. Every month, managers make financial progress reports for the members. In October 2004, Femung Pebaya reported 1707 members with savings shares of Rp 4.25 billion, loans of Rp 4.6 billion and assets of Rp 5.2 billion.
4. West Kutai District

West Kutai became a district after breaking away from Kutai District in 1999. It covers a total area of 3 162 900 ha, or 15% of the total area of East Kalimantan province.

In the last 6 years, the population has grown by only 14 889, from 132 887 in 1997 to 147 776 in 2003 (BPS Kabupaten Kutai Barat 2004a). This is an average annual population growth of 1.87% between 1997 and 2003.

Figure 2. Population growth in West Kutai District.

The indigenous people of West Kutai are Benuaq, Tunjung, Bahau, and Modang Dayaks, as well as Kutai (Casson 2001). As traditional communities, the Dayak people work in agrarian-based sectors such as farming, tending vegetable gardens, fishing and gathering forest products. At the time of the study, more than 65% of the population in West Kutai worked in and depended on the agriculture and forestry sectors (BPS Kabupaten Kutai Barat 2003b).

Despite only 888 people being involved in the mining sector, it still generates income of Rp 1.2 trillion (see Table 15). The agriculture sector, including the forestry subsector, provides income of Rp 508 billion (BPS Kabupaten Kutai Barat 2003b).
In accordance with regional socioeconomic survey or Suseda in 2003, the BPS of West Kutai discovered that the population living under the poverty line was 19,832 people. The poverty line determined per capita per month was Rp 114,841 for severely poor, and Rp 136,847 for poor. The predicted population by that year was 143,664 people, meaning there were 13.8% poor people (BPS Kabupaten Kutai Barat, 2004b).

Table 15. Employment and income by sector in West Kutai District, 2003

<table>
<thead>
<tr>
<th>Sector</th>
<th>Working inhabitants</th>
<th>Income (billion Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Villages</td>
<td>Towns</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2,561</td>
<td>41,728</td>
</tr>
<tr>
<td>Mining and excavation</td>
<td>–</td>
<td>888</td>
</tr>
<tr>
<td>Industry</td>
<td>–</td>
<td>1,852</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>–</td>
<td>74</td>
</tr>
<tr>
<td>Construction</td>
<td>92</td>
<td>1,703</td>
</tr>
<tr>
<td>Trade</td>
<td>920</td>
<td>5,624</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>274</td>
<td>2,664</td>
</tr>
<tr>
<td>Finance</td>
<td>–</td>
<td>222</td>
</tr>
<tr>
<td>Services, etc.</td>
<td>1,378</td>
<td>8,515</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,225</td>
<td>63,270</td>
</tr>
</tbody>
</table>


### 4.1 Poverty

In accordance with regional socioeconomic survey or Suseda in 2003, the BPS of West Kutai discovered that the population living under the poverty line was 19,832 people. The poverty line determined per capita per month was Rp 114,841 for severely poor, and Rp 136,847 for poor. The predicted population by that year was 143,664 people, meaning there were 13.8% poor people (BPS Kabupaten Kutai Barat, 2004b).

Table 16. Poverty distribution in West Kutai, 2003

<table>
<thead>
<tr>
<th>Subdistrict</th>
<th>Poor factor</th>
<th>Family</th>
<th>Poor family (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Economic</td>
<td>Non economic</td>
<td>Poor</td>
</tr>
<tr>
<td>Bongan</td>
<td>861</td>
<td>733</td>
<td>1,594</td>
</tr>
<tr>
<td>Jempang</td>
<td>586</td>
<td>349</td>
<td>935</td>
</tr>
<tr>
<td>Penyinggahan</td>
<td>497</td>
<td>108</td>
<td>605</td>
</tr>
<tr>
<td>Muara Pahu</td>
<td>828</td>
<td>386</td>
<td>1,214</td>
</tr>
<tr>
<td>Muara Lawa</td>
<td>560</td>
<td>234</td>
<td>794</td>
</tr>
<tr>
<td>Damai</td>
<td>566</td>
<td>343</td>
<td>909</td>
</tr>
<tr>
<td>Barong Tongkok</td>
<td>1,411</td>
<td>495</td>
<td>1,906</td>
</tr>
<tr>
<td>Melak</td>
<td>729</td>
<td>399</td>
<td>1,128</td>
</tr>
<tr>
<td>Long Iram</td>
<td>560</td>
<td>170</td>
<td>730</td>
</tr>
<tr>
<td>Long Hubung</td>
<td>795</td>
<td>209</td>
<td>1,004</td>
</tr>
<tr>
<td>Long Bagun</td>
<td>566</td>
<td>244</td>
<td>810</td>
</tr>
<tr>
<td>Long Pahangai</td>
<td>587</td>
<td>205</td>
<td>792</td>
</tr>
<tr>
<td>Long Apari</td>
<td>383</td>
<td>236</td>
<td>619</td>
</tr>
<tr>
<td>Bentian Besar</td>
<td>571</td>
<td>291</td>
<td>862</td>
</tr>
<tr>
<td>Linggang Bigung</td>
<td>505</td>
<td>275</td>
<td>780</td>
</tr>
<tr>
<td>Sekolaq Darat</td>
<td>646</td>
<td>415</td>
<td>1,061</td>
</tr>
<tr>
<td>Manor Bulant</td>
<td>851</td>
<td>333</td>
<td>1,184</td>
</tr>
<tr>
<td>Nyuatan</td>
<td>451</td>
<td>184</td>
<td>635</td>
</tr>
<tr>
<td>Siluq Ngurai</td>
<td>545</td>
<td>210</td>
<td>755</td>
</tr>
<tr>
<td>Tering</td>
<td>744</td>
<td>180</td>
<td>924</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,242</strong></td>
<td><strong>5,999</strong></td>
<td><strong>19,241</strong></td>
</tr>
</tbody>
</table>

The National Family Planning Coordination stated that 19,241 families were categorised as poor in 2003 (BPS Kabupaten Kutai Barat, 2004b). This figure represented 65% of total families across the West Kutai. The poor people were distributed among 20 subdistricts. Comparison among subdistricts showed that the largest poverty pouch was found in Barong Tongkok Subdistrict, whereas the smallest one was in Penyinggahan Subdistrict (Table 16).

Poor families comprised 4,953 families at the ‘pre-prosperity’ level, and 8,289 at the ‘prosperity I’ level. Officials from Manor and Sekolaq Darat subdistricts said that although some families had access to income, they became poor through gambling and other unwise spending. Another reason for their poverty was the limited infrastructure and social facilities in their communities.

Prosperity levels are rising extremely slowly among poor families, with only a 1% drop in the number of poor families between 2001 and 2002 (BKKBN Kabupaten Kutai Barat 2003). The figure fell by only 156, from 20,911 families in 2001 to 20,755 families in 2002 (Table 17). No calculations could be made for 2003 due to data inconsistencies (see footnotes to Table 17).

Table 17. Family livelihood developments in West Kutai District

<table>
<thead>
<tr>
<th>Family prosperity level</th>
<th>Number of families</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td>Poor families</td>
<td></td>
</tr>
<tr>
<td>• Pre-prosperity</td>
<td>8,450</td>
</tr>
<tr>
<td>• Prosperity Level I</td>
<td>12,461</td>
</tr>
<tr>
<td>Total</td>
<td>20,911</td>
</tr>
<tr>
<td>Non-poor families</td>
<td></td>
</tr>
<tr>
<td>• Prosperity Level II</td>
<td>6,529</td>
</tr>
<tr>
<td>• Prosperity Level III</td>
<td>3,491</td>
</tr>
<tr>
<td>• Prosperity Level III Plus</td>
<td>1,644</td>
</tr>
<tr>
<td>Total</td>
<td>11,664</td>
</tr>
<tr>
<td>Total families</td>
<td>32,575</td>
</tr>
</tbody>
</table>


One effect of poverty is an inability to meet health needs. Poor families must always work to fulfil their daily food requirements, and do not consider the nutritional content of their food. The important thing for them is to eat and feel full. This greatly influences their health, as well as their physical and mental growth, particularly for infants who require balanced diets. Of the 13,244 infants in the district, 878 are severely malnourished and 3,604 are malnourished. Infants with sufficient and high nutritional intake amount to 8,607 and 155, respectively (BPS Kabupaten Kutai Barat 2003a).
4.2 West Kutai District Government

Since it was established, West Kutai District has been led by Rama A. Asia. Before becoming district head, this native son worked in the East Kalimantan Provincial Development and Planning Agency (Bappeda) and was involved in many German Government development projects with GTZ.

The number of civil servants working in the West Kutai District Government in 2002 was 3650, approximately 2.5% of the total population of the district. These civil servants were spread throughout the District Secretariat and DPRD, 12 technical agencies, 4 boards, 1 office, and 20 subdistrict offices (BPS Kabupaten Kutai Barat 2003a).

Of these civil servants, 89 are elementary school graduates, 48 graduated from junior high school, 2478 from senior high school, 127 hold level 1 diplomas, 369 have level 2 diplomas, 89 have level 3 diplomas. 432 are university graduates, 15 have master’s degrees and 3 hold PhDs.

Regional autonomy has had an impact on the staffing of important positions in the regional government. A strong interest in ‘localising’ the district government has made it easier for people originating from the district to hold office. Of the 108 officials in the district secretariat, technical agencies, boards and subdistrict offices, more than 90% are indigenous to the area. The dominant ethnic groups are Tunjung, Bahau, Benuaq and Kutai (Table 18).

Table 18. Composition of indigenous people holding structural posts in West Kutai District Government, 2004

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>District Head’s Office</th>
<th>Boards/Technical agencies</th>
<th>Suboffice/ Sector/Divisional Heads</th>
<th>Sub-district</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benuaq</td>
<td>2</td>
<td>2</td>
<td>10</td>
<td>7</td>
<td>21</td>
</tr>
<tr>
<td>Bahau</td>
<td>3</td>
<td>3</td>
<td>12</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Kutai</td>
<td>2</td>
<td>1</td>
<td>14</td>
<td>4</td>
<td>21</td>
</tr>
<tr>
<td>Tunjung</td>
<td>2</td>
<td>5</td>
<td>16</td>
<td>3</td>
<td>26</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>4</td>
<td>11</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>15</td>
<td>63</td>
<td>21</td>
<td>108</td>
</tr>
</tbody>
</table>

Source: CIFOR Governance Study Data 2004.

As in Malinau and in accordance with Law No. 7/2000, members of the West Kutai District Legislative Assembly were those elected in the 1999 general election to seats in the Kutai District DPRD representing the subdistricts now in West Kutai. There were 25 members of the West Kutai Legislative Assembly for the 1999–2004 period who gained their seats in the 1999 election (Table 19). Three of them were junior high school graduates, 10 graduated from senior high school, 3 hold diplomas, while the remaining 6 were university graduates.
The finalisation of the executive and legislative branches of district government provided West Kutai with the authority and a mandate to formulate a Strategic Plan (Renstra) and Regional Development Programme (Propeda). Renstra and Propeda are the formal foundations for development in West Kutai District, as they are in all districts in Indonesia. In West Kutai, these plans took more than 2 years to make and involved the following steps: (1) compiling a forestry portrait for West Kutai District in 2000; (2) producing a District Spatial Plan in August 2000; (3) facilitating a Rapid District Appraisal; (4) producing participatory village development plans; and (5) holding a seminar workshop on the District Government Strategic Plan in May 2001.

The West Kutai District Renstra and Propeda for 2001–2005 were promulgated through West Kutai District Regulation No. 12 of 2002, which stated that 180 villages, or 86% of the 209 villages distributed across 15 subdistricts, were classified as poor (Table 20).

**Table 19. West Kutai District Legislative Assembly members, 1999–2004**

<table>
<thead>
<tr>
<th>Party</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesian Democratic Party of Struggle (PDIP)</td>
<td>12</td>
</tr>
<tr>
<td>Golongan Karya Party (Golkar)</td>
<td>6</td>
</tr>
<tr>
<td>National Mandate Party (PAN)</td>
<td>1</td>
</tr>
<tr>
<td>United Development Party (PPP)</td>
<td>1</td>
</tr>
<tr>
<td>National Awakening Party (PKB)</td>
<td>1</td>
</tr>
<tr>
<td>Love the Nation Democratic Party (PDKB)</td>
<td>1</td>
</tr>
<tr>
<td>Armed Forces / Police</td>
<td>3</td>
</tr>
</tbody>
</table>


**Table 20. Village condition in West Kutai District, 2002**

<table>
<thead>
<tr>
<th>Subdistrict</th>
<th>Self-supporting</th>
<th>Self-developing</th>
<th>Self-sufficient</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bongan</td>
<td>0</td>
<td>12</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Jempang</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Penyinggahan</td>
<td>4</td>
<td>0</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Muara Pahu</td>
<td>18</td>
<td>9</td>
<td>1</td>
<td>28</td>
</tr>
<tr>
<td>Muara Lawa</td>
<td>1</td>
<td>7</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Damai</td>
<td>0</td>
<td>11</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Barong Tongkok</td>
<td>0</td>
<td>16</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Melak</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td>Long Iram</td>
<td>1</td>
<td>18</td>
<td>2</td>
<td>21</td>
</tr>
<tr>
<td>Long Hubung</td>
<td>3</td>
<td>8</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Long Bagun</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Long Pahangai</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Long Apari</td>
<td>7</td>
<td>2</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Bentian Besar</td>
<td>0</td>
<td>9</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Linggang Bigung</td>
<td>3</td>
<td>5</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
<td><strong>122</strong></td>
<td><strong>29</strong></td>
<td><strong>209</strong></td>
</tr>
</tbody>
</table>

4.3 District policies and budget allocation

According to staff from the District Planning and Development Agency (Bappeda) and the District Revenue Service (Dispenda), PAD is vital for keeping the wheels of government turning and sustaining development. In reference to district development, this means that funds must be provided to pay for government activity, including funding poverty alleviation. Sources of PAD in West Kutai are taxes, levies and third-party contributions. When this study was being carried out, PAD accounted for less than 4% of total district revenue, the largest contribution coming from balancing funds.

This explains why 15 district regulations relating to taxes and levies appeared in the first years of West Kutai District’s existence. These regulations succeeded in increasing PAD earnings from Rp 11.2 billion in 2001, to Rp 24.8 billion in 2003. Overall revenue in West Kutai grew from Rp 372.4 billion in 2001 to Rp 518.5 billion in 2002, and Rp 663.2 billion in 2003 (Table 21). This increase of income has mostly come from the increase of fund allocations from the central government. Although the local revenue is adequate, the local government still has to secure loans as much as Rp 82.6 billion to pay back debts on time. The debt relates to the construction of the West Kutai District Government office complex.

Routine expenditure increased almost 100% from approximately Rp 105.8 billion in 2001 to Rp 207.2 billion in 2003.

Bappeda staff said that West Kutai is the richest district in terms of natural resources. However, the people are poor and left behind in development. Such conditions were

<table>
<thead>
<tr>
<th>Table 21. West Kutai District revenues and expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>West Kutai APBD</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
</tr>
<tr>
<td>• Carry over from previous budget</td>
</tr>
<tr>
<td>• District-generated revenue (PAD)</td>
</tr>
<tr>
<td>• Balancing Funds</td>
</tr>
<tr>
<td>• District Loans</td>
</tr>
<tr>
<td>• Other legitimate earnings</td>
</tr>
<tr>
<td>• Cash and accounts division</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
</tr>
<tr>
<td><strong>Spending</strong></td>
</tr>
<tr>
<td>• Routine</td>
</tr>
<tr>
<td>• Development</td>
</tr>
<tr>
<td><strong>Total spending</strong></td>
</tr>
</tbody>
</table>

Source:
promoted by centralised policies during the ‘New Order’ regime when development programmes were stagnant. The centralised development planning designed by central government resulted from top-down policy that disregarded communities’ needs. The centralised policies did not prioritise the region as an ‘immediately in –need of development’ region, so it was left behind and isolated.

4.3.1 The Sendawar Prosperity Movement

An awareness of its limited financial resources and a desire to make its communities more prosperous, led the West Kutai District Government to propose the Sendawar Prosperity Movement (GSM) in June 2003. The goals of the GSM are to alleviate poverty through programme integration and synergy among stakeholders in West Kutai to focus more on poor villages, poor families and poor individuals (Box 4).

---

**Box 4. Aims of the Sendawar Prosperity Movement**

1. To formulate real and integrated steps to alleviate poverty in West Kutai District.
2. To increase the strategic roles of regional government, the private sector and other stakeholders in cooperating on programmed, systematic and guided development, to alleviate poverty in West Kutai District.
3. To formulate strategic and integrated policies to alleviate poverty in West Kutai District.

**Policies:**

1. Emphasise development of basic village infrastructure
2. Emphasise economic development
3. Build human resources capacity
4. Organise and strengthen village institutions
5. Enforce the law and uphold human rights.

Source: Dinas Pemberdayaan Masyarakat Kabupaten Kutai Barat (personal communication 2004).

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In theory, development in West Kutai District can be carried out via two channels—the project approach and the movement approach (Mubyarto 2004). The project channel is for large-budget development, where the government comes with funds to build public facilities. Performance is gauged by whether the project is completed on time and finishes the available funds. The movement channel is designed so that development can work in a self-supporting manner, albeit slowly.

The project channel is development with a top-down approach that minimises the part that communities play, whereas movements require community participation, even though they still encompass some project activities. The advantage of the movement channel is that once it has been initiated it will continue to run even when projects...
have finished. The question is how to make this movement influence all stakeholders in West Kutai in an effort to alleviate poverty (interview with staff from Bappeda and the International Fund for Agricultural Development [IFAD]).

The West Kutai District Head is very serious about the GSM idea. He is working with the Pancasila Economics Study Centre from Gadjah Mada University in Yogyakarta to monitor and evaluate the GSM movement. Since the Movement was announced, the district head has institutionalised critical studies of development programmes and projects implemented in the district.

Bearing in mind that awareness about this Movement needed to be built among all government institutions, the general public and other stakeholders, a GSM outreach team was formed in 2004. The team is chaired by the head of the Community Empowerment Service (DPM), with the head of the Economics and Housing Sub-Service of the DPM acting as secretary.

A workshop on the GSM concept was held on 22–23 July 2003. In the workshop, it became clear that programmes run by the district government in 2003 were still overlapping and lacked coordination. This indicates that Bappeda still has many weaknesses in coordinating and organising regional development programmes (interview with staff from Bappeda West Kutai).

The July 2003 workshop produced an integrated operational plan to synchronise government agencies’ programmes in the framework of the GSM movement. According to a number of people attending, this synchronisation was extremely rushed and existed only on paper. Government technical and implementing agencies involved were unclear on things that had to be coordinated or where their responsibilities lay. In the end, these agencies continued to refer to their existing plans.

**Box 5. Lack of awareness building for the GSM movement**

One GSM project involved building a bridge and a gazebo near a waterfall in a tourist recreation area in Paseq and Menarukang villages, Barong Tongkok Subdistrict. The development was handled by a company called CV Cherisco. An official from Paseq, who was present when the GSM movement was announced, had no idea the gazebo and bridge development at the waterfall in Paseq was part of the GSM. He only discovered the project accidentally. There was no information from the project leader saying that it was taking place, and the name board was only put up when the project had almost finished. He heard that an official from the tourism office had surveyed the site. Not long afterwards, he saw some people working on the project. According to him, the local people in Paseq did not want the development as they were hoping for road repairs. One subdistrict head also had no idea there was a GSM project to improve the marketplace in his area.

In 2004, the GSM movement ground to a halt, the district government was busy with elections for the District Legislative Assembly, the Provincial Legislative Assembly, the National Legislative Assembly, the House of Regions as well as two rounds of presidential elections (interviews with DPM and NGO staff). Nevertheless, it proposed and ran 25 development programmes in West Kutai already designed by Bappeda (Bappeda Kabupaten Kutai Barat 2004).

4.3.2 The Poverty Alleviation Committee’s handling of poverty

The West Kutai Poverty Alleviation Committee (KPK) is a forum for coordinating GSM implementation. The committee was established through District Head Decree No. 465/K.245/2003 dated 11 June 2003. Coordination should ensure that every government service and agency’s programmes and projects can be mutually supporting and do not overlap.

As discussions regarding the GSM movement had already begun and the GSM strategic plan had been prepared, the KPK was motivated by the spirit of the GSM movement and only had to adopt and adapt GSM programmes.

The district head decree states that all costs relating to the KPK shall come from the APBD. However, interviews revealed that up to and including 2004 the KPK had no specific operational budget. In contrast to the previous year, for 2005 the West Kutai District Government said they were committed to allocating funds for the KPK secretariat and operations (interview with the secretary of the KPK).

Box 6. Main duties of the West Kutai Poverty Alleviation Committee

1. To determine poverty criteria appropriate to conditions in the district
2. To formulate poverty management programmes
3. To prepare data on poor households
4. To conduct vertical and horizontal coordination with related government offices
5. To facilitate better use of General Allocation Funds (DAU) and APBD, as well as other financial sources in tackling poverty
6. To observe, control, monitor and evaluate implementation of poverty management programmes
7. To submit occasional reports on the work of the Poverty Alleviation Committee to the Governor as KPK Programme Coordinator for East Kalimantan province.

Chairman: Head of the West Kutai District Community Empowerment Office
Secretary: Head of the DPM Economics and Housing Sub-Office
Members:
1. Head of the West Kutai District Health Department
2. Head of the West Kutai District National Education Office
3. Head of the West Kutai District Agriculture Office
4.4 Government programmes and perceptions of poverty

4.4.1 Community Empowerment Service (DPM)

The service was given the task of implementing decentralisation (West Kutai District Regulation No. 4/2002). Its duties were: (1) to formulate and compile materials for community empowerment policies, including developing infrastructure and institutions, and empowering communities; (2) other duties in its field of authority as delegated by

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Box 7. Main duties of the West Kutai Community Empowerment Service (DPM)

1. The Office Head: Assists the district head in carrying out duties in the field of community empowerment, developing and undertaking cooperation with other agencies and organisations, leading, planning, coordinating, controlling, monitoring and evaluating DPM activities.

2. Development Sub-Office: Undertakes and coordinates the implementation of village development policies, covering data collection on Regional Development Work Units (UDKP), village planning, and integrated areas, as well as working towards efficient use of appropriate technologies.

3. Community Preservation Sub-Office: Assists the head of the DPM in implementing community preservation policies covering improving the roles of community institutions, and developing family and community skills.

4. Economy and Housing Sub-Office: Assists the head of the DPM in implementing economic improvement, housing layout and village assistance policies.

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the district head. Besides these main tasks in its mandate, the DPM is also mandated as the main implementing body for GSM, a movement for managing poverty through the KPK.

DPM personnel include 21 civil servants and 13 workers paid by honorarium. Before working in the DPM, most DPM staff were working as teachers and subdistrict staff. Despite nearly half of the civil servants in the DPM being university and academy graduates, they do not carry out their duties very well, according to respondents. People interviewed for this study said that DPM staff lacked initiative and innovation, lacked an understanding of the concept of empowerment and were not open to new ideas. They were also weak in administration, data collection and planning.

Respondents from outside the DPM say that the service is developing and progressing well. Silas Sinar has succeeded in building the capacity of the DPM staff. The progress respondents refer to is DPM projects being well administered and recorded. The same is true of programme planning—the head of the DPM is accommodating and quick to correct and reprimand his staff if any mistakes occur, so that problems are quickly resolved.

DPM staff members’ skills are improving as they are sent on training and to workshops on empowerment, following which they are asked to share their experiences by giving presentations at monthly meetings and distributing photocopies of training papers. DPM also worked with Lembaga Puti Jaji, Yayasan Rio Tinto, Sistem Hutan Kerakyatan (SHK) East Kalimantan, and CIFOR in determining criteria and poverty indicators in West Kutai.

Perception of poverty
Poverty is caused by many factors—isolation or a lack of knowledge and health among them. To overcome problems of limited knowledge, all parties (not only the DPM) should provide the public with information through both formal and non-formal education, and by providing important information beneficial to poor communities. The poor communities need accurate information about government programmes, assistance, rules relating to the management of natural resources and rules about village governance. They should be provided with easy access to health care, and isolated areas should be opened up to promote more open interaction between villagers and business players.

DPM activities in 2002
2. Installed water supply in Sekolaq Oday, repairs to 9 installations in Muara Leban, Melapeh Lama, Muut, Muara Asa, Gemuru Asa and Batu Majang.
3. Thirty-nine staff, recruited to facilitate development in the villages, graduated as community empowerment facilitators (SFPM).
4. Village competitions involving 209 villages (villages were judged on cleanliness, tidiness and administrative information systems; in first place was Datah Bilang Hilir in Long Hubung Subdistrict).
5. Identified clean water sources and experiments with hydrant pumps in Laham, Batu Kelau, Gunung Rampah, Ombau Asa, Srimulyo, Sekolaq Darat and Sekolaq Mulia villages.
7. Provided data on outcomes of socioeconomic feasibility studies and general planning (CERD) in 38 villages in Bongan, Jempang, Bentian Besar, Muara Lawa, Barong Tongkok, Damai, Muara Pahu and Linggang Bigung subdistricts.
8. Renewed village institutions, Village Representative Bodies (BPK) in 34 villages, customary institutions in 26 villages, and leaders and staff in 74 villages.
10. Channelled family welfare PKK funds of Rp 36 million per subdistrict.
11. Built a road beside the Riam Panjang rapid (Mahakam River), 1.5 m wide and 1.5 km long.

**DPM activities in 2003**

1. Built concrete roads in Batu Majang, Mamahak Ulu and Mamahak Besar villages in Long Bagun Subdistrict; Simpang Empat and Geleo Asa villages in Barong Tongkok Subdistrict; Bomboy village in Damai Subdistrict; and Penarung village in Bentian Besar Subdistrict.
2. Provided clean water in Rukun Damai, Laham, Bigung Baru, Rejo Basuki, Ombau Asa, Sakaq Lotoq, Sekolaq Darat and Tepulang villages.
3. Rehabilitated houses unfit for habitation in Kelubaq, Muara Bunyut, Muyub Ilir, Minta and Lanting villages.
5. Assisted with construction of village meeting hall in Laham, Long Hubung Subdistrict.
7. Developed small and medium-scale enterprises in 11 subdistricts.
8. Organised and ran intervillage competitions.
9. Strengthened village institutions.
10. Supported subsidised rice for the poor.
11. Held meetings on credit for small and medium-sized enterprises (KUKM) and on fuel subsidies.
4.4.2 National Education Service

The head of the West Kutai District National Education Service is Drs Stanislaus Liah. It employs 1766 civil servants, with levels of education from elementary school to PhD (Table 22).

Table 22. Civil servants in the West Kutai Education Service, 2003

<table>
<thead>
<tr>
<th>Branch of education service</th>
<th>Echelon</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>District Education Service</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>Subdistrict branch services</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Senior high school supervisors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kindergarten/elementary school supervisors</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>Senior high school administrative staff and caretakers</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Junior high school administrative staff and caretakers</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Elementary school principals</td>
<td>20</td>
<td>153</td>
</tr>
<tr>
<td>Junior high principals</td>
<td>21</td>
<td>4</td>
</tr>
<tr>
<td>Senior high principals</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Elementary school teachers</td>
<td>377</td>
<td>681</td>
</tr>
<tr>
<td>Junior high teachers</td>
<td>199</td>
<td>11</td>
</tr>
<tr>
<td>Senior high teachers</td>
<td>63</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>444</td>
</tr>
</tbody>
</table>


There are 210 state elementary schools in West Kutai, as well as 41 junior high and 4 senior high schools (Table 23). In addition, private education plays an important role in West Kutai District with 32 kindergartens, 16 junior high schools, 13 senior high schools and 2 vocational high schools.

Table 23. Student, school and teacher numbers in West Kutai District, 2003

<table>
<thead>
<tr>
<th>Entity</th>
<th>Level of education</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Playgroup</td>
<td>Elementary</td>
</tr>
<tr>
<td>Schools</td>
<td>32</td>
<td>214</td>
</tr>
<tr>
<td>State schools</td>
<td>0</td>
<td>210</td>
</tr>
<tr>
<td>Students</td>
<td>918</td>
<td>21,022</td>
</tr>
<tr>
<td>No schooling or dropped out</td>
<td>0</td>
<td>817</td>
</tr>
<tr>
<td>Teachers</td>
<td>88</td>
<td>1,619</td>
</tr>
<tr>
<td>State teachers</td>
<td>12</td>
<td>1,342</td>
</tr>
</tbody>
</table>

The organisational structure of the education service is as follows: (1) Administration Division, (2) Infrastructure Sub-Service, (3) Education and Teaching Sub-Service, (4) Programmes Sub-Service, and (5) Teacher and Technician Sub-Service.

The West Kutai National Education Service was provided with identical budgets of Rp 22.8 billion for 2001 and 2002. The education budget then rose to Rp 25.4 billion in 2003 (Table 24).

**Table 24. West Kutai Education Service programmes, 2003**

<table>
<thead>
<tr>
<th>Sub-Service programme realization</th>
<th>Budget allocation (billion Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>6.7</td>
</tr>
<tr>
<td>Education and Teaching</td>
<td>1.2</td>
</tr>
<tr>
<td>Programmes</td>
<td>2.3</td>
</tr>
<tr>
<td>Teacher and Technician(^2)</td>
<td>3.4</td>
</tr>
<tr>
<td>Administration Division (civil servant expenditure)</td>
<td>11.8</td>
</tr>
<tr>
<td>Total education budget</td>
<td>25.4</td>
</tr>
</tbody>
</table>


Even though the budget in 2003 was substantial, it was still insufficient to fulfil the requirements of all education programmes in West Kutai. People interviewed for this study said that nearly 70% of elementary school buildings in West Kutai were in need of rehabilitation. All school principals and teachers complained about the state of their school buildings, which average over 15 years old and have never been repaired. However, because of the limited budget, only a few have been renovated. The education service report stated that repairs had been carried out on only 17 elementary schools and 7 junior high schools in 2003. The total budget expenditure for the infrastructure sub-service was Rp 6.7 billion.

Procurement of text books and library books is the job of the Education and Teaching Sub-Service. In 2003, it provided 4349 text books for elementary schools, 3000 for junior high schools, as well as 2500 library books for elementary schools, 5483 for junior high, and 1847 for senior high schools. The largest share of its budget, almost Rp 0.5 billion, was for holding national end-of-school exams. Apart from providing text books, this sub-service also runs Packet A\(^3\), Packet B and open junior high school programmes. The sub-service head considers these activities to be quite successful.

The Programmes Sub-Service prioritises investment in the construction of Sendawar University in cooperation with VDEC Malang. Of its Rp 2.3 billion budget, it used around Rp 1.7 billion on this project, and the remainder on paying for future staff members to take degree courses at Brawijaya University in Malang.

The Teacher and Technician Sub-Service is kept busy with contract teacher recruitment and training. In 2003, the Education Service recruited 60 administrative staff and 316 contract teachers, spending funds of almost Rp 3.4 billion.
The Administration Division handles routine expenditure within the education service. From a routine budget of Rp 11.8 billion, Rp 8.2 billion is allocated for teacher welfare.

**Perception of poverty and assistance with scholarships**

Education service employees feel that poverty can be changed through empowerment, development and assistance efforts for the poor. Community farming is still at a subsistence level, so every family needs to intensify its efforts. According to respondents, every family could fulfill its needs if each owned 4 ha of rubber plantations.

To support the poverty alleviation programme, the National Education Service is increasing the number and improving the quality of teachers. It is hoped that these programmes will create competent teachers who will in turn produce educated students, who (after graduating) will be able to go into society and make decent livings for themselves.

Another poverty alleviation drive is providing scholarships to bright students from poor families (Table 25). To help students who have had to stop schooling, the education service presents out-of-school education packets called Packet A and Packet B.

### Table 25. Scholarships provided by West Kutai District Government, 2003 and 2004

<table>
<thead>
<tr>
<th>Level of education</th>
<th>Regional Government Scholarships 2003</th>
<th>Regional Government Scholarships 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of schools</td>
<td>No. of students</td>
</tr>
<tr>
<td>Elementary</td>
<td>217</td>
<td>1 300</td>
</tr>
<tr>
<td>Junior High</td>
<td>42</td>
<td>862</td>
</tr>
<tr>
<td>Senior High</td>
<td>22</td>
<td>236</td>
</tr>
<tr>
<td>Further education</td>
<td>0</td>
<td>144</td>
</tr>
<tr>
<td>Total</td>
<td>281</td>
<td>2 542</td>
</tr>
</tbody>
</table>

Sources:
West Kutai District Head Decree No. 422.5/K.293/2003 on Beneficiaries of Scholarships in West Kutai;
West Kutai District Head Decree No. 422.5/K.289/2004 on Scholarship Quotas for West Kutai.

Besides its funding from the district budget, this service also receives Special Assistance for Students (BKM) and Special Assistance for Schools (BKS) funds from the APBD provincial budget.

BKS is provided directly to schools to support education facilities. Each school receives between Rp 20 million and Rp 40 million. In 2003, the education service distributed Rp 770 million in BKS to 17 elementary, 12 junior high and 2 senior high schools.

BKM are assistance grants given to students to support their education. In 2003, the education service distributed Rp 512.719 million in BKM. In 2004, the figure was Rp 469.2 million (Table 26).
4.4.3 Agriculture and Plantations Service

The service employs 265 people: 88 civil servants and 177 workers paid by honorarium (Dinas Pertanian dan Perkebunan Kabupaten Kutai Barat 2004b). Almost half of them work in the office in Sendawar, while the others work in agriculture branch offices and the Agriculture Extensions Office.

**Table 26. Special assistance for students (BKM) in West Kutai District, 2003 and 2004**

<table>
<thead>
<tr>
<th>School level</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Schools</td>
<td>Students</td>
</tr>
<tr>
<td>Elementary</td>
<td>219</td>
<td>4 593</td>
</tr>
<tr>
<td>Junior high</td>
<td>47</td>
<td>1 458</td>
</tr>
<tr>
<td>Senior high</td>
<td>20</td>
<td>415</td>
</tr>
<tr>
<td>Total</td>
<td>286</td>
<td>6 466</td>
</tr>
</tbody>
</table>

Sources:
Head of West Kutai Education Service Decree: BKM recipients – 2003;

**Box 8. Agriculture and Plantations Office Vision and Mission**

**Vision:** Create a better standard of living for farming families

**Mission:**
1. To develop high-value commodities to meet market demand
2. To improve farming produce market information networks
3. To develop farming support organisations
4. To provide support with farming infrastructure and inputs
5. To increase production and improve processing of farm produce to provide extra income to farmers
6. To advance partnerships and investment in agriculture
7. To develop appropriate and land-specific technologies
8. To develop the skills and professionalism of farmers and agricultural officers.


**Table 27. West Kutai District Agriculture and Plantations Service projects, 2003**

<table>
<thead>
<tr>
<th>Project title</th>
<th>Budget (million Rp)</th>
<th>Budget source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity building and agribusiness support</td>
<td>612.5</td>
<td>District APBD</td>
</tr>
<tr>
<td>Agribusiness development and demonstration</td>
<td>6 739.1</td>
<td>District APBD</td>
</tr>
<tr>
<td>Assistance with Brahman cross cattle parent stock and empowerment for farmer groups producing betutu fish and improved durian</td>
<td>1 259.9</td>
<td>District APBD</td>
</tr>
<tr>
<td>Rice intensification development project</td>
<td>1 443.9</td>
<td>APBN</td>
</tr>
<tr>
<td>Plantations project</td>
<td>699.6</td>
<td>APBN</td>
</tr>
<tr>
<td>Beef cattle agribusiness development project</td>
<td>330.0</td>
<td>APBN</td>
</tr>
<tr>
<td>Total</td>
<td>11 085.0</td>
<td></td>
</tr>
</tbody>
</table>

Annual agriculture service programmes, paid for from the district APBD budget, are identical (interview with an employee from the Agriculture and Plantations Service in West Kutai). They reinforce old programmes and move to Community Direct Assistance Loans (BPLM) in the following year. Most programmes budgeted from the state APBN budget use funds that come down from the province, while funds from the district APBD budget are allocated for assistance and extensions activities (Table 27).

**Agriculture and Plantations Service perception of poverty**

The West Kutai Agriculture and Plantations Service did not address the problems faced by the communities and the poor people in particular. Programmes included providing extension and training, and giving assistance and aid to farming groups. Aid and assistance were only offered to groups assessed as good at managing. Staff of the service indicated that there are always poor and non-poor farmers in each farming group. The actual empowerment takes place in the group and among the members.

One agriculture service staff member believes that poverty alleviation must involve all stakeholders—including farmers, private players, NGOs and donor organisations. If left to the district government alone, poverty alleviation will not succeed. He also said that although it could not do it alone, the district government is still an important force in tackling poverty and empowering poor communities.

**Box 9. Empirical experience of field agricultural extension of the Agriculture and Plantations Service**

In accordance with his experience as an extension agent, Nanang Adriani (a field technical staff of Agriculture office in the West Kutai) thought that, in general, the life of farmers in West Kutai has been always hard and they have always been poor. The farmers have to work very hard day by day, because of their poor situation, including scarcity of agricultural production facilities, high-priced seeds, equipment, fertiliser and pesticides, and the fact that the harvest cannot be predicted because of pests and weather problems. Another major issue is marketing, where brokers always take advantage of the farmers and control prices.

The Agriculture and Plantations Service in West Kutai has made a breakthrough in distributing Community Direct Assistance Loans (BPLM) (Table 28). These loans, channelled through banks, are provided to farmers for securing seedlings and other farming needs. The service considers this approach to be extremely effective helping prevent collusion and corruption of budget funds. The problem for the service is rolling funds. It cannot do anything if they are not returned, as there are no legal procedures in place for doing so. It will set a bad precedent for the service and its staff members if communities do not pay back these rolling funds.
The Forestry Service employs 132 people: 112 civil servants and 20 staff members paid by honorarium. Eighty-five are high school graduates, 6 hold diplomas, while 18 are university graduates and 2 have postgraduate degrees.

Forestry is an important sector in West Kutai District and has been the subject of widespread discussion. From the time it was still part of Kutai, various workshops have been presented to formulate forestry management plans for the district. Forestry management projects have had sponsorship from GTZ, the United States Agency for International Development’s Natural Resources Management Program (NRM), the Ford Foundation, the International Fund for Agricultural Development, CIFOR and NGOs operating in East Kalimantan.

When West Kutai District was established, the district government was in great need of working partnerships with parties that cared about and operated in the forestry sector. As proof of its seriousness, it formed a multistakeholder working group called the West Kutai District Regional Forestry Programme Working Group (KKPKD) involving regional government, the private sector, NGOs and colleges of further education. The KKPKD’s main tasks were: (1) creating an information database, (2) discussing forestry issues, and (3) finding alternative solutions to problems in the forestry sector. These were then moulded into the Strategic Forestry Plan, which became a reference for the Forestry Service in managing the forests in West Kutai. Other outputs from the KKPKD include the books *A Portrait of Forestry in West Kutai District* (Dinas Kehutanan Kabupaten Kutai Barat 2001a) and *The West Kutai District Forestry Work Programme* (Dinas Kehutanan Kabupaten Kutai Barat 2001b).

The KKPKD was directly responsible to the district head, and all its operational expenses came from West Kutai District Government APBD funds. As the district government considered the KKPKD to be successful, its timeframe was extended for another year until 2003. This extension was partly funded by NRM.
Although the KKPKD has now been dissolved, those interested in forestry issues and forestry-related social issues are still active. They have joined the Sendawar Sakti Education Foundation (YPSS), which is continuing some of the important jobs proposed by the KKPKD. At the time of this survey, YPSS was looking into working with the Japanese Government and was due to travel to Japan with a number of officials from the West Kutai District Government.

In the strategy planning document in *A Portrait of Forestry in West Kutai District*, the KKPKD team came up with four possible scenarios for the district: (1) Honey in a *Tanyut* Tree, (2) *Meranti* in Flames, (3) Sinking in *Shrimp Rapids*, and (4) *Sentawar* Areca Snaps Off at the Tip (Box 10).

<table>
<thead>
<tr>
<th>Box 10. Scenarios</th>
</tr>
</thead>
</table>
| **Sentawar Areca Snaps Off at the Tip**  
Forestry management in West Kutai in 2011 is like an *areca* tree snapped off at the top. Accommodating government policies clashes with the destructive attitudes and actions of communities. Finally, the *sentawar* areca snaps |
| **Honey in a Tanyut Tree**  
Forestry management in West Kutai in 2011 is like honey in a *tanyut* tree. Accommodating government policies are complemented by constructive community attitudes and actions. An ideal situation |
| **Sinking in Shrimp Rapids**  
Forestry management in West Kutai in 2011 is like a boat sinking violently in the rapids. When destructive attitudes and actions of communities are linked with centralistic policies, then forest conservation and acknowledgement of customary community rights will never be achieved. Community prosperity will be a distant dream |
| **Meranti in Flames**  
Even though community attitudes and actions are constructive, government policies are centralistic, leaving forestry management in West Kutai in 2011 like a *meranti* tree consumed by fire. Furthermore, the government with its centralistic policies will not care about forest conservation and will never acknowledge the rights of customary communities |

The problem the KKPKD wanted to resolve was how to accommodate customary communities in mainstream formal laws. It felt that returning communities’ rights and access to forests would develop a sense of ownership and constructive behaviour within those communities and thereby support sustainable forest management.

The problem the KKPKD wanted to resolve was how to accommodate customary communities in mainstream formal laws. It felt that returning communities’ rights and access to forests would develop a sense of ownership and constructive behaviour within those communities and thereby support sustainable forest management.
Forest Product Harvest Concessions (HPHH)

HPHH were 100 ha concessions granted for Non-forest Areas (KBNK), the location of which are organised by the district government on the basis of the District Spatial Plan (RTRW). Once a field survey had been conducted, the West Kutai Forestry Service could recommend that HPHHs be granted to individuals, groups or cooperatives.


Seeing the opportunity that opened up from 2000 to 2001, almost all the villages in West Kutai formed farmer groups or cooperatives and submitted requests for HPHHs in areas they claimed as village lands. The Forestry Service only asked officials and customary chiefs in the village to provide evidence that the location was genuine; it did not conduct the checks in the field that it was supposed to. The Forestry Service then make an official report and provided a recommendation to the district head, who then issued the HPHH.

After securing an HPHH from the district head, groups holding these concessions would combine around 10 HPHHs and seek contractors (whom they would call ‘partners’) to exploit the forest. These groups already knew who prospective partners were in West Kutai. Negotiations took place to determine the fees contractors had to pay to communities and when the payments were to be made. When agreements were reached, the contractors would exploit the forest, and community heads would station their ‘members’ to supervise operations and act as security in the field.

The contractors would never lose out. According to the Forestry Service staff, contractors had already held a convention to determine their working areas without any of the communities knowing about it, so they could conduct their negotiations without any disturbances. For contractors, there were only two considerations in their negotiations: large profits or enormous profits.

According to respondents from the Forestry Service, in such situations communities’ solidarity, emotional and other ties were put to the test, while contractors’ capital strength was also tested—the ones with the most capital would win. Contractors could draw out negotiations until communities got tired and felt they had run out of time. Eventually, their patience would run out and they would give in and accept the fees proposed by contractors.

Villagers said that during those years it was easy to find money and entertainment.
Despite complaining that they were often cheated by their partners or their community leaders, they still consider that period to be more profitable than the years before the HPHH policy. A common fee in West Kutai was between Rp 50 000 and Rp 150 000 per cubic metre of timber. The official price for timber at that time was around Rp 600 000 per cubic metre. These fees were shared out among all the families in the village by their leaders or representatives.

An impact of the policy was widespread growth of sawmills in West Kutai. There were six sawmills registered with the West Kutai Forestry Service, and more than 38 illegal sawmills and 5000 chainsaws belonging to villagers. The result was the degradation of the forests in West Kutai (Dinas Kehutanan Kabupaten Kutai Barat 2001b).

**Community Forestry (KhM)**

Community forestry is a forest management model presented by, with and for communities, with the approval of regional government. To bring about KhM, the West Kutai District Government issued Community Forestry Concessions (IUKhM) provided for by Regional Regulation No. 12/2003 on Community Forestry.

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**Box 11. IUKhM application procedures**

1. A community making a KhM application should submit a request addressed to the district head through the social economic division of the district secretariat. The request should include a sketch map of the prospective location, a photocopy of the applicant’s identity card and recommendations from the head of the village and the customary chief.

2. If the request is complete, the district head asks the forestry office to consider the application.

3. The forestry office checks and clarifies the proposed area. After seeing conditions in the field, the forestry office gives a recommendation to the district head.

4. Following consideration of point 3, after obliging the applicant to conduct an inventory and identification of the area, the district head gives approval for an area of community forestry.

5. The forestry office checks identification and inventory activities in the prospective KhM area and prepares a report of those checks.

6. On the basis of the report, the forestry office submits material for consideration to the district head to approve a temporary permit.

7. With this temporary permit, the community must make a General Management Plan (RPU) and an Operational Management Plan (RPO) with the assistance of the forestry office.

8. The district head and the forestry office evaluate these RPU and RPO plans and give their approval.

9. The holder of the temporary permit carries out the RPU and RPO plans and arranges evaluation and monitoring by involving the forestry office.

10. Results of monitoring and evaluation form the basis for the district head to either reject or approve the application and grant a definitive permit.

IUKhM are commercial utilisation permits, they have no limits of minimum or maximum area and are valid for 20 years. Those eligible to acquire IUKhM are customary communities, villagers, or those with rights of inheritance. At the time of this survey, 30 village communities had submitted KhM requests and had reached the administration verification and area clarification processes (stage two). The KhM project is supported and assisted by the Ford Foundation. One challenge to this programme is its lack of central government support.

**Rural Forest Community Empowerment (PMDH)**

PMDH is a programme that companies with commercial forestry concessions (HPH) have to carry out to empower and provide community assistance or assistance with public facilities to village communities in or around their concession areas.

Decrees on PMDH:
1. Minister of Forestry Decree No. 523/Kpts/II/1997 on obligations of HPH concession holders to carry out PMDH activities
2. Minister of Forestry Decree No. 165/Kpts/II/1998 on PMDH costs for HPH holders

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**Box 12. Forest and Land Rehabilitation (RHL) project policies**

West Kutai District Government RHL project policies:
1. Applications may be accepted from communities/community groups
2. Villages should not have been affected by RHL activities in 2002
3. Villages should be free from disputes over land ownership, as indicated by statements or recommendations from village heads/customary chiefs
4. Priority will be given to regions with food shortages, high unemployment and a high proportion of non-productive land
5. Further development may be considered for villages where RHL in 2002 was considered successful
6. Farmer groups with initiative should first undertake their own activities independently.

Farmer group requirements:
1. Written notice of the establishment of the farmer group
2. Farmer group statutes (AD), bylaws (ART) and organisational structure
3. A written statement from the head of the village explaining that the group organiser lives in the village
4. Photocopies of all farmer group members’ identity cards (KTP)
5. Recommendations from the village head, customary chief and subdistrict head
6. Written statements from community leaders and customary chief to say the land is not disputed in any way. These should include sketches of the location
7. A statement declaring intent and capacity to comply with directions from the forestry office.

3. Director General of Forest Concessions Decree No. 36/Kpts/IV-BPH/1998 on technical instructions for PMDH by HPH concession holders.

In 2004, of the 48 companies registered in West Kutai, only 11 had made any plans for PMDH programmes for a planned Rp 403.4 million. However, only five of these companies actually carried out any PMDH activities with a budget allocation of Rp 47.7 million (Dinas Kehutanan Kabupaten Kutai Barat 2004a). These activities succeeded in building village facilities and providing assistance with sports equipment for local youths.

As a condition for HPH concession holders to secure Annual Operational Plans (RKT), the Forestry Service (through the Forest Development Sub-Service) should monitor and evaluate PMDH provided by HPH or IUPHHK concession holders. The Forestry Service has the authority to refuse RKT permits to companies not undertaking PMDH.

The Forest and Land Rehabilitation Project (RHL)
The RHL project handled by the West Kutai District Forestry Service was initiated in the 2002 fiscal year. A budget of Rp 30 billion was spent on the project in 2002. In 2003, the project only used Rp 9.7 billion of the planned Rp 30 billion budget.

Table 29. West Kutai District Reforestation and Land Rehabilitation Project, 2002–2003

<table>
<thead>
<tr>
<th>Year</th>
<th>Activity</th>
<th>Area (ha)</th>
<th>Cost (billion Rp)</th>
<th>Explanation*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>Technical designs</td>
<td></td>
<td></td>
<td>RHL activities involved</td>
</tr>
<tr>
<td></td>
<td>• Reforestation</td>
<td>1000</td>
<td>0.086</td>
<td>83 farmer groups in 77 villages</td>
</tr>
<tr>
<td></td>
<td>• Regreening</td>
<td>5660</td>
<td>0.477</td>
<td>HRM = 1360 ha</td>
</tr>
<tr>
<td></td>
<td>• Manual labour</td>
<td></td>
<td></td>
<td>HRK = 1700 ha</td>
</tr>
<tr>
<td></td>
<td>New stands</td>
<td></td>
<td></td>
<td>HRTS = 800 ha</td>
</tr>
<tr>
<td></td>
<td>• Reforestation</td>
<td>1000</td>
<td>5.431</td>
<td>AUK = 1800 ha</td>
</tr>
<tr>
<td></td>
<td>• Regreening</td>
<td>5660</td>
<td>24.870</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>30.864</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>First year maintenance</td>
<td></td>
<td></td>
<td>RHL activities involved</td>
</tr>
<tr>
<td></td>
<td>• Reforestation</td>
<td>425</td>
<td>0.856</td>
<td>173 farmer groups in 123 villages</td>
</tr>
<tr>
<td></td>
<td>• Regreening</td>
<td>4653</td>
<td>5.924</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technical designs</td>
<td></td>
<td></td>
<td>HRK = 3089 ha</td>
</tr>
<tr>
<td></td>
<td>• Reforestation</td>
<td>500</td>
<td>0.017</td>
<td>AUK = 2000 ha</td>
</tr>
<tr>
<td></td>
<td>• Regreening</td>
<td>5089</td>
<td>0.360</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Manual labour</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New stands</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Reforestation</td>
<td>200</td>
<td>0.317</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Regreening</td>
<td>2307</td>
<td>2.195</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>9.670</td>
<td></td>
</tr>
</tbody>
</table>

* AUK = Aneka usaha kehutanan (multi-use forestry); HRK = Hutan rakyat pola kebun (community forest garden); HRM = Hutan rakyat murni (pure community forest); HRTS = Hutan rakyat pola tumpang sari (Taungya community forest).

All forest and land rehabilitation activities made use of DAK-DR (Special Allocation Funds – Reforestation Funds). The 2004 West Kutai RHL report (Dinas Kehutanan Kabupaten Kutai Barat 2004b) states that 6660 ha were replanted in 2002, while a further 2507 ha were replanted in 2003 (Table 29).

The West Kutai Forestry Service divides RHL locations into two categories—regreening and reforestation areas. Regreening is done on privately-owned critical land outside forested areas not subject to any conflict. Regreening areas consist of: pure community forest (HRM), community forest garden (HRK), *taungya* community forest (HRTS), and multi-use forestry (AUK). Locations for each activity are between 25 and 50 ha in area. Reforestation takes place on critical forest lands in protected forests or production forests not subject to any concessions. These locations were 100 ha in area.

At the time of the study, there were no evaluations of the RHL project available. The only report available was about project implementation and funds. According to information from an ex-KKPKD team member, there are many irregularities between proposed and actual planting locations. Furthermore, planting does not suit the norms of silviculture and often leads to plant failure.

### 4.4.5 Social-Economics Division

The Social-Economics Division comes under the district secretariat structure and is tasked with providing social assistance to communities including rice, religious help, and assistance to youth organisations and scholarships from regional government.

The assistance that this division provides must be approved by the district secretariat. Rice for the poor is distributed directly to communities through subdistrict offices. However, at the time of the district surveys, it was unclear how much rice had been provided or how many recipient families there were.
5. Discussion

5.1 Poverty eradication policies

Poverty eradication policies have yet to become priorities for the Malinau and West Kutai Districts. There are three reasons for this:
- KPK members feel no need to be responsible to the committee and do not play an active role; hence coordination and programmes that should have been formulated jointly have not taken place. The same goes for the district heads, who (despite giving the mandates) have never requested accountability reports from KPK members.
- Mainstreaming of APBD originating from DAU has yet to take place despite being mandated by presidential decree and the mandate to establish regional KPKs. More of the APBD over the last three years (2002–2004) has been allocated to construction and governance, and government apparatus.
- Government agencies’ poverty eradication programmes often fail to reach their targets or answer local needs. Communities in Malinau have felt little benefit from the Gerbang Dema programme, which cost 74.6 billion rupiah in 2002. The same goes for GSM in West Kutai, where many communities are unaware of the term GSM or have no knowledge of GSM projects.

5.2 Perceptions of district government staff

District government staff perceptions of problems and poverty alleviation are greatly influenced by the main tasks and functions of the offices in which they work. There is no common, shared vision of poverty. Regional government poverty alleviation programmes still centre only on fulfilling the basic and immediate needs of poor communities. They do little to support the growth of household economic assets, the expansion of economic opportunities, the sustainability of vital forest and water resources, or the empowerment of marginalised groups in the political process.

District governments still consider poor communities to be homogeneous and do not distinguish among target groups with specific characteristics. The district government in Malinau has collected only limited data on poor people in the district as of mid-2005, and the analysis of this data is not yet available. Poverty is looked at primarily at the village level, resulting in field interventions that focus on physical infrastructure development in the villages instead of on the people themselves.

Despite the facts that communities are highly dependent on the forests for their livelihoods (farming land, protein, fruit, clean water, medicines, rattan, timber and cash income) and that forests are essential to the food security of the majority of the population, the district governments still do not consider the forests to be important for the people. IPPK, HPHH and IUPHHK policies that allow community groups to make
money by exploiting their forests appear to be encouraged only for securing larger PAD revenue.

This frequently leads to land conflicts among communities, damage to their safety net and reduction in the quality of their environment. After several years, it is clear that these policies have failed to increase the standard of living of poor communities living around the forests.

New poverty alleviation efforts in the forestry sector are the Forest and Land Rehabilitation Project (funded by DAK-DR funds) and the Community Forestry Programme in West Kutai District. The impact of these programmes should be closely monitored at the household level.

5.3 District visions and movements

District visions for self-sufficient villages were inspired by regional autonomy reforms and the reflections of the districts’ leaders and their advisors. These visions have noble aims. In their implementation, however, local officials treat GSM in West Kutai and Gerbang Dema in Malinau like one-size-fits-all clothes. Everything proposed by officials is presented as a manifestation of Gerbang Dema or GSM. Officials seem to interpret the movements with their own self-interests in mind so as to make as many projects as possible. As projects are the typical way officials can earn additional money, the projects may be benefiting local officials more than they do the intended beneficiaries.

The general public receives little information on district government policies and programmes. Ideally, GSM and Gerbang Dema should be designed to activate all parties, poor communities included, so that they can participate in development in the district. Minimal awareness-building and a lack of transparency have meant there is no ‘path’ or ‘front door’ for communities to participate in these movements. Government officials’ behaviour contradicts their visions and leaves poor communities increasingly powerless to fend for themselves.

5.4 Poverty eradication budgets

APBD budgets continue to grow in Malinau and West Kutai Districts, with a rise of more than 200% from 2001 to 2003. Balancing funds are still the primary source of district revenue. Malinau District PAD contributed only about 6% of total district revenue of Rp 520 billion in 2003. PAD in West Kutai District provided only about 4.1% of the Rp 663 billion total district revenue in 2003.

Malinau and West Kutai District Government strategic plans state that their main focus is to develop villages and village communities. However, from 2001 to 2003 the majority of their APBD budgets were utilised in developing district capitals, mainly
Discussion

by constructing government offices and providing civil servant housing and various supporting facilities. By the end of this study, we had not obtained any complete documents on rural development or poverty eradication programmes and funds.

5.5 Poverty Alleviation Committees

The district governments in Malinau and West Kutai felt it necessary to form Poverty Alleviation Committees in accordance with directives from the central government in Jakarta and the East Kalimantan Provincial Government. The KPKs were given the task of reducing the numbers of poor people in their districts. They had to produce strategic poverty alleviation plans, hone district government programmes, and mainstream DAU in their current APBD budgets towards poverty alleviation.

Unfortunately, however, since these committees were formed as recently as 2004, they have yet to carry out their duties and functions effectively, and the majority of their members seem uninterested in doing so. Since their formation, these district KPKs have only held one meeting, and there has been no effective coordination since.

5.6 Local people’s capacity

Every district government official mentioned the lack of capacity among district government agencies. Regular staff members say the same in relation to the office heads in their workplaces. This fact has been exposed by the number of office heads being replaced. According to a number of local respondents, the new office heads are reportedly equally unable to lead or undertake the mandates that come with their positions.

To answer the problem of indigenous capacities, Malinau and West Kutai district governments have (since their formation) been running capacity building programmes for district government staff members. Every year, they provide further education scholarships to civil servants. Unfortunately, many of the district government officials gaining scholarships are interested only in getting titles to secure promotions.

5.7 Monitoring and evaluation

In accordance with its function, the Regional Development Supervisory Board (Bawasda) carries out internal monitoring to supervise finances. Bappeda monitors physical development together with the agencies involved and the project leaders. The DPRD should monitor the district government by holding direct inspections, gathering information and receiving complaints from the public.
According to respondents, when monitoring and evaluation takes place, the supervisory teams invariably give favourable evaluations even if a project has neither met its targets nor run the way it was intended. This happens because those implementing projects are usually close to the supervisory teams and give bribes. Supervisory teams will, however, make reports of digressions and bring charges in extreme cases such as total failure, fraud or demonstrations from communities.

Overall, monitoring and evaluation of Gerbang Dema in Malinau District and the Sendawar Prosperity Movement in West Kutai are large jobs requiring special expertise. The Bappeda agencies in Malinau and West Kutai involve private consultants in monitoring and evaluation.

**5.8 Conclusion**

Poverty in forested districts like Malinau and West Kutai is significant, with more than half of all families considered poor by national standards. Decentralisation reforms and national poverty strategy processes have given district governments the mandate to address poverty. Yet, the current commitment, vision and means to reduce poverty at the district level remain fragmented and insufficient.

Programmes still focus on meeting basic needs of the poor, rather than addressing the underlying causes of poverty or providing opportunities for long-term asset growth and economic progress (see summary in Annex 1). Most are driven by national mandates and agency priorities rather than by locally perceived needs.

Officials say that they are supportive of poverty reduction, and indeed some appear truly committed. Most, however, focus on what benefits they can gain from projects, which seem to rarely reach the poor.

Officials’ diverse views of poverty reflect their experience and need to be integrated to develop a more complete understanding of poverty and how to address it. Their perceptions also need to be periodically tested with data to see if their assumptions still hold true. Districts need a common overall policy framework to bring together the rich set of expertise and experience among their offices (see summary in Annex 2).

Poverty alleviation committees and poverty eradication strategic plans need to be revitalised. The KPKs create a potential structure for coordination, but lack the funding, influence and leadership to support meaningful programmes across district agencies. If the KPKs are used, their membership should be more open and involve all district government officials concerned with handling poverty, as well as interested community members and organisations. The committees and their programmes should have a budget allocated from the APBD and a legal mandate to support them. The committee needs to be able to allocate funds independently of individual agencies in order to encourage intersectoral cooperation. It should be kept in mind, however, that
the committees are primarily tools for coordination, communication and accountability upwards to the centre. They are not ultimately the implementing bodies for poverty alleviation.

To build a local agenda for poverty alleviation within the district, it is essential that officials give more attention to villagers’ perceptions of poverty and their needs and priorities. All respondents from communities said they would welcome poverty alleviation programmes enthusiastically if they suited their needs. Poor and powerless communities need honest and complete information about poverty eradication programmes so that they can decide on their involvement, be aware of their roles and responsibilities, and understand the benefits they will get from being involved in the programme.

Social movements can bring increased attention to poverty and its reduction. To be genuine and not imposed, they need to be supported from outside of government, as well as from inside it. The government needs to show its own commitment to poverty alleviation if it wishes to generate interest among others. Otherwise institutions like GSM, Gerbang Dema and KPK risk becoming structures without functions.

To improve coordination and help build a genuine social movement, all parties need to receive adequate information. The press and district government human relations divisions should strengthen their functions as providers of information to the public, so that all stakeholders wishing to participate can contribute towards helping overcome the problem of poverty in their region. Government agencies, technical agencies and offices, and district government secretariats need to continually update information about programme proposals and implementation of ongoing programmes. Communities also need to be able to communicate to officials about their needs and report back on the progress of poverty alleviation efforts.

The district governments’ roles in poverty alleviation are in transition. Until local commitment and capacity are stronger, it may be necessary to maintain some involvement from the centre in order to encourage more public-minded programmes. However, these need to include not just coordination structures, but also the legal clout, funding and training to make the programmes operational. On the other hand, the central government needs to make more space for districts to define poverty locally, identify their own priorities, and begin to develop more integrated poverty programmes across district agencies.

In the short term, given current perceptions and incentives, poverty alleviation at the district level is likely to occur mostly through efforts to improve local infrastructure and build the district economy. These efforts directly benefit government officials, while their benefits to the poor are not guaranteed. The risk is that these programmes will increase economic disparities as some groups are able to take better advantage of them than others.
Annexes
### Annex 1. Summary of poverty alleviation activities by government institutions

<table>
<thead>
<tr>
<th>Implementing agency</th>
<th>Activity</th>
<th>Target</th>
<th>Objective</th>
<th>Decision making</th>
</tr>
</thead>
</table>
| Social-Economics Division         | • Provision of subsidised rice  
                                 | Poor families         | Fulfilling food requirements                                                              | Overall programmes and activities related to poverty management are performed without the involvement of or coordination with the KPK |
|                                   | • Flight and transportation subsidies                                    | Communities          | Maintaining availability and stability, and making prices affordable                         |                                                                                                     |
|                                   | • Social assistance                                                        | Communities          | Providing Social Safety net                                                                 |                                                                                                     |
| Agriculture Service               | • Direct Community Assistance                                             | Farmer groups        | Increasing farming production                                                               |                                                                                                     |
|                                   | • Establishing gardens                                                    |                      | Providing income security                                                                   |                                                                                                     |
|                                   | • Agribusiness                                                            |                      |                                                                                              |                                                                                                     |
| Forestry Service                  | • Community forestry                                                     | Farmer groups        | Getting earnings from forests                                                                |                                                                                                     |
|                                   | • Land and forest rehabilitation                                          | Communities/Contractors| Providing employment                                                                         |                                                                                                     |
|                                   | • Strengthening village institutions                                      | Village Officers     | Increasing knowledge and ability                                                             |                                                                                                     |
| Community Empowerment Service     | • Village Development Funds                                               | Communities          | Developing village governments                                                               |                                                                                                     |
|                                   | • UKWKUB loans                                                            | Communities          | Developing villages                                                                           |                                                                                                     |
|                                   | • Repairs to houses unfit for habitation                                  | Communities          | Increasing economic productivity                                                              |                                                                                                     |
|                                   | • Direct Community Assistance                                             | Communities          | Providing clean water for all                                                                |                                                                                                     |
|                                   | • Providing clean water                                                   | Communities          |                                                                                              |                                                                                                     |
| Education Service                 | • Building schools                                                        | Schools              | Providing means for formal education                                                         |                                                                                                     |
|                                   | • Scholarships                                                            | Pupils and students  | Stopping education being a financial burden on families                                     |                                                                                                     |
| Health Department                 | • Special Assistance for Pupils                                            | Students             | Helping pupils to continue with their education                                              |                                                                                                     |
|                                   | • Special Assistance for Schools                                          | Schools              | Improving educational facilities                                                              |                                                                                                     |
|                                   | • Medical assistance                                                      | The sick             | Providing medical assistance                                                                  |                                                                                                     |
|                                   | • Improving nutrition                                                     | Poor communities     | Babies and students from poor families would be healthier                                    |                                                                                                     |

### Annex 2. District Government perceptions of poverty and community evaluations of government agencies

<table>
<thead>
<tr>
<th>Government office</th>
<th>Definition</th>
<th>Causes</th>
<th>Alternative solutions</th>
<th>Community evaluations</th>
</tr>
</thead>
</table>
| Social-Economics  | • Poor in terms of facilities and economically | • Centralistic policies  
• Poor situation  
• Geographical isolation  
• Minimal investment | • Subsidies  
• Help with facilities  
• Make investment easier | • Lacks transparency  
• Mechanisms unclear  
• No money |
| Bappeda           | • Basic needs, and social and spiritual needs | • Centralistic policies  
• Low human resources capacity | • Optimise KPK  
• Capacity building  
• Making district special plan | • Projects stray from initial objectives |
| Community Empowerment | • Unable to fulfill basic needs & sociocultural needs | • Centralistic policies  
• Geographic isolation | • ‘Aspiratory’ (demand-driven) and participatory programmes  
• Make appropriate criteria and indicators | • Lacks transparency  
• PMD is not a strong institution |
| National Education | • Education poorly presented | • Centralistic policies  
• Lack of education | • Recruit teachers  
• Procure facilities  
• Increase competence of teachers  
• Free up education costs | • Lacks transparency  
• System yet to be built  
• Lack of competence |
| Agriculture       | • Unable to meet a decent standard of living | • Unclear business environment | • Develop agribusiness | • Lacks transparency  
• Project approach |
| Forestry          | • Incapable of, and no capital for, managing forest resources | • Centralistic policies  
• Insufficient financial benefit from forest resources | • Facilitate permits for communities  
• Make vegetable gardens | • Lacks transparency  
• All about money |
| District Legislative Assembly | • No facilities  
• No economic capacity | • Lack of investment | • Promotion  
• Create investment opportunities | • Lacks transparency  
• DPRD members involved in projects  
• Conflict over natural resources between communities and investors, and between communities |

Annex 3. Research area location map
The first figures for the number of poor are from 1984, covering the years 1976 to 1984 using the Susenas consumption module. Poverty was defined as the inability to fulfil basic requirements, using poverty line measurement. The national poverty line measurement is the number of rupiah needed by individuals to consume the equivalent of 2100 kilocalories per person per day and to fulfil non-food requirements such as clothing, health care, education, transport and a number of other goods and services. With ever-changing patterns of consumption and rising prices, the poverty line was adjusted every year to keep up with developments.

Kikis (Indonesian Working Group for Poverty Alleviation) designed civil society dialogues to bring about a new strategy and push for changes in the government’s approach to its poverty alleviation efforts.

B.J. Habibie was the former Vice President, but succeeded President Suharto on the latter’s resignation.

Before becoming president, Megawati Sukarnoputri was Vice President. She replaced President Abdurahman Wahid who was forced to step down after a vote of no confidence from the People’s Legislative Assembly (DPR RI).

The legal basis for this change was Keppres No. 124 of 2001, and No. 8 of 2002 on a Poverty Alleviation Committee (KPK), where the Minister of Home Affairs was appointed KPK assistance programme coordinator in charge of coordinating nine related technical departments.

This definition of poverty is the same as that of the BPS.

BKKBN measures poverty through prosperity categorisation levels where families are the units. The classifications are Pre-prosperity Family (Keluarga Prasejahtera), Prosperity Family Level I (Sejahtera I), Level II (Sejahtera II), Level III (Sejahtera III) and Level III plus (Sejahtera III plus). Pre-prosperity and Prosperity Level I are categories for poor families, whereas Prosperity Levels II and III are not classified as poor families.

An autonomous region is a legal community unit, within the bond of the Republic of Indonesia, that has certain boundaries and the authority to organise and manage the interests of its people under its own initiative.

Tupoksi, strengthened by district head decree, are the legal foundation and job descriptions for heads of departmental offices or agencies and the structures beneath them.

In 2002 the population was only 8,357

DAU (general allocation funds): funds sourced from APBN (national state budget) earnings allocated for the purpose of evenly distributing funds between the districts for their implementation of decentralisation.

DAK (special allocation funds): funds sourced from APBN (national state budget) earnings allocated to certain regions to help fund special activities in accordance with national priorities.

An annual cultural festival in Malinau District.
14 One of the mandates of autonomous regions is to build collaboration with other regions or foreign countries in various sectors (e.g. social, cultural and economic).

15 The Government Structure Division said there was a lot of opposition during the awareness process. Problems with village boundaries and claims over natural resources were common in Malinau. With numerous approaches and pressures, finally old village heads compromised and agreed to step down with cash compensation, the amounts of which were determined by District Head Decree.

16 District Head Decree No. 172/2004 on Post-Merger Villages Becoming New Villages in Malinau District.

17 District Regulation No. 176/2004 on Non-Activation of Village Heads and Administrations for Merged Villages and Appointment of Temporary Village Heads in Merged Villages in Malinau District. According to information received, severance pay was Rp 50 million per village head, and Rp 20 million per person for village officials; however, at the time of the survey, no district decree stating compensation payments was forthcoming.

18 Funds originating from the APBN state budget and allocated to regions to fund their requirements in implementing decentralisation.

19 Revenue collected within the region based on regional regulations issued in accordance with prevailing legislation.

20 2002 data from Malinau District Government LAKIP; 2003 data from PMD LAKIP.

21 Forest areas assigned for producing forest timber products, where trees with diameters exceeding 50 cm may be felled.

22 Forest areas assigned for producing forest timber products, where trees with diameters exceeding 60 cm may be felled.

23 Subsidised rice for poor families. According to district government rules, each poor family is entitled to receive 20 kg of rice per month at a price of Rp 1000 per kg.

24 The author’s own calculation (based on 2003 data) suggests the overall number of poor in West Kutai District to be 30,523 people. The BPS could not explain this discrepancy of 2,382 people.

25 At the time of the survey, the number of subdistricts in West Kutai District had grown to 20. Village classification data could not be included for 2003, because the PMD was slow in carrying out its duties, as a result of the new subdistricts. Self-sufficient villages are classified as rich, whereas self-supporting and self-developing villages are classified as poor.

26 All technical and implementation agency programmes had to be synchronised in just 2 days in order to support the issuing of the GSM document.

27 Interviews and discussions with district government staff members and NGOs on GSM developments in 2004. The district executive body and DPRD did not make or ratify one single district regulation, including the APBD for 2004.

28 Decentralisation enabled districts to select names and functions of local agencies. Hence the community empowerment office in West Kutai District is the Dinas Pemberdayaan Masyarakat or Community Empowerment Agency, which differs
from the Malinau Pemberdayaan Masyarakat Desa or Empowerment of Village People Agency.

29 Head of the DPM.

30 Taken from the district head’s annual accountability report for 2002. The DPM has no copies of its LAKIP Development Performance and Accountability Report; the only copy was taken by the former head of the DPM.


32 Includes recruitment of teachers and administration staff; 410 teachers in 2002, and 412 teachers and 60 school administration staff in 2003.

33 Packet A is elementary level non-formal education; Packet B is junior high school level non-formal education.


35 West Kutai District Head Decree No. 453/K09/2002 dated 5 February 2002; extension of the KKPKD team’s timeframe.

36 Mainly measuring logs extracted from forests, as this directly affected fees received. Palmer (2004) states that in many cases only farmer group members benefited from these fees.
Bibliography


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