



PRO-POOR POLICY OPTIONS: EMPOWERING INDIGENOUS INSTITUTIONS IN INDONESIA

INTRODUCTION

This policy brief argues that empowering indigenous institutions is an effective strategy for reducing rural poverty in Indonesia. The brief highlights the importance of crafting empowerment policies in conjunction with indigenous institutions and of strengthening institutional voice and capacity to participate in decision-making and program implementation.

Policy analysis findings and recommendations from a study conducted under the auspices of a “Pro-poor Policy Formulation, Dialogue and Implementation at the Country Level” project inform this brief.¹ Between 2007 and 2010, the Food and Agriculture Organization–Regional Office for Asia and the Pacific (FAO-RAP), with support from the International Fund for Agricultural Development (IFAD), implemented this project in partnership with governmental and non-governmental organizations in eight Asian countries. The project goal was to enhance institutional capacity to conduct policy analysis and to formulate and implement pro-poor agricultural and rural development policies. In total, twenty-three policy studies examine issues identified at national level dialogues in all project countries².

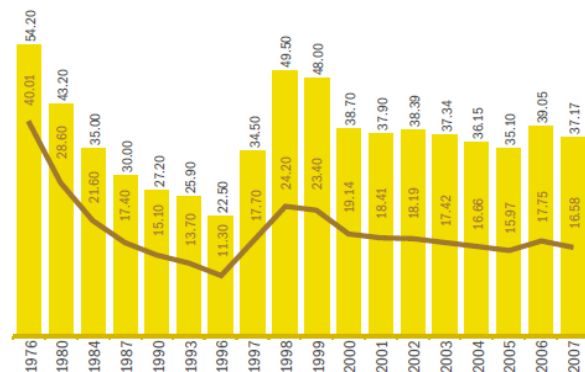
CONTEXT

Poverty has been declining in Indonesia since the late 1970s. If the \$1/day indicator is used, the country has already attained its first Millennium Development Goal. However, work remains to be done when the national \$2/day poverty line is considered (Figure 1).

World-wide, indigenous communities in particular experience poverty levels higher than those in the general population. Although no universal definition of “indigenous” exists, elements common to these communities include:

- Voluntary perpetuation of cultural difference
- Self-identification and recognition by other groups as a distinct collectivity
- Inhabitation and use of a specific territory
- Experience of exclusion or discrimination (IFAD, 2009).

Figure 1. Poverty in Indonesia (1976-2007)



Source: National Development Planning Agency, 2007

¹ Kedi Suradisastra, Herlina Tarigan, and Erma Suryani (Indonesian Center for Agriculture, Socio economic and Policy Studies) authored the study on which this brief was based. The study was conducted in Banten and Bali provinces which were purposively sampled due to their unique socio-cultural and institutional features. Within each province, the authors collected primary qualitative and quantitative data in two regencies and four villages, using Participatory Community Appraisal and Focus Group Discussions. Secondary quantitative data was also analyzed. The original study can be accessed by contacting: INFORMATION.

² The other selected policy issues for Indonesia include Rice Crop Insurance and Integrated Support Services for Agriculture.

This brief utilizes the term “indigenous” with reference to *adat* communities³ that are home to 50 to 70 million Indonesians, by some estimates. Officially, Indonesia’s national government does not grant any ethnicity special status, territory, services, or other privileges. In fact, “indigenous”, “*adat*”, and similar terms have been contested and considered, by some, a threat to national unity in a land with over 250 ethnicities⁴.

Yet over the past ten years, indigenous movements have gained momentum in Indonesia. The Alliance of Indonesian Indigenous People now unites different ethnicities from across the archipelago with a platform of organizational and community empowerment⁵ (Alcorn, 2003 & ADB, 2002). Several government policies have institutionalized *adat* rights to natural resources, however broader legal frameworks do not currently provide for protection or promotion of *adat* communities (ADB, 2002).

Indigenous institutions and values continue to play an important role in Indonesia’s multi-cultural society, since they are nested within nationally-defined institutions (Alcorn, 2003). For example, government-encouraged *kelompok gotong-royong* (mutual self-help groups) grew out of peasant community institutions and retain the character of community values, norms, and a spirit of cooperation.⁶ The *banjar* (village council), *subak* (water user group), and *sangkepan* (community assembly) in Bali, are examples of institutions uniting people with shared needs and goals. In addition, they set social norms of acceptable and unacceptable behavior. Such institutions, if properly understood and utilized, can become an instrument of rapid social and economic change (Mustaqim, 2008).

PROBLEM STATEMENT

Indigenous communities face higher poverty levels than those in the general population (IFAD, 2009). However, most government development programs in Indonesia have yet to effectively improve these groups’ living conditions or poverty circumstances.

Interventions that disregard the role of indigenous institutions undermine and weaken these institutions and threaten programs’ ability to reach their targets. In addition, limited local institutional capacity to implement development programs and lack of awareness about government programs intended for their members challenge these communities’ development.

POLICY OPTIONS

Based on results from the inquiries in Banten and Bali provinces, this policy brief suggests an empowerment approach as a means to reduce poverty and improve community living standards. Empowerment may be defined broadly as a process that facilitates people to gain control over their own lives and increases their capacity to act on issues that they themselves define as important (Luttrell et al, 2009). It therefore “enables communities to effectively interact and negotiate with government and other parties [...] and lead their own development processes” (IFAD, 2009).

Empowerment approaches, which implicitly acknowledge that poverty emanates from social exclusion and the lack of access to voice, security and power, thereby target communities’ understanding of and ability to change the social, economic or political power balance as a

³ Self governance is a defining feature of *adat* community identity, as are the qualities of being autonomous and autochthonous.

⁴ See ADB, 2002 for further discussion on the history and politics of *adat*.

⁵ *Aliansi Masyarakat Adat Nusantara* (AMAN) was formed in 1999.

⁶ Examples of such groups include *mapalus* and *posad* (North Sulawesi), *kombong* (South and Southeast Sulawesi), *karya bakti* (West Java), and *seke* (Bali).

means to combat poverty (Luttrell et al., 2009). Empowerment of indigenous institutions in particular holds the promise of influencing project implementation at the local level, leading to the achievement of national poverty alleviation goals with respect to food sufficiency, education and health improvement, housing and neighborhood recuperation, and social protection (Rahayu, 2006?).

Key recommendations for empowering indigenous institutions include 1) encouraging indigenous institutional involvement in development of empowerment strategies, 2) increasing institutional engagement and voice in government poverty alleviation approaches, and 3) building institutional capacity to identify problems and implement solutions.

1. Encouraging indigenous institution involvement in development of empowerment strategies

To avoid repeating the stumbling blocks of previous interventions, the government should develop empowerment strategies in consultation with communities themselves. Specific approaches include:

- **Develop an empowerment policy utilizing elements of indigenous culture**, such as social values and norms, inter-institutional relationship patterns, community participation venues, and the nature of indigenous leadership and function.
- **Maintain the community and its institutions as central stakeholders.** The best practice of participatory community development strategies can be utilized to involve institutions' knowledge in the empowerment policy design and implementation processes. This process will ensure policies are responsive to local needs and goals. Practically, the government can support fora in which prominent locals advise regarding empowerment policy implementation at the village level.

2. Increasing indigenous institutional engagement and voice in government poverty alleviation approaches

As a means to reverse the trend of poor communication between government authorities and indigenous institutions and leaders, and resulting ineffectiveness of poverty reduction programs, it is recommended to:

- **Actively involve local leaders and institutions in priority-setting and implementation of government development programs.** Examples from Bali and Banten have shown that religious leaders play paramount roles in mobilizing people to work toward improved living standards and common services⁷. This power to positively influence social attitudes and development processes can serve as an important entry-point for collaboration between indigenous and government institutions.
- **Integrate indigenous institutions' values into government's development programs.** Bali's experience of fully embracing the religious, socio-cultural and technical aspects of development can serve as a model on how development paradigms can meld with local understandings. By harnessing the power of community norms and values, poverty alleviation programs can be more effective. In addition, the transparent features of indigenous institutions can simplify the process of transferring new information and ideas; evidence from Bali suggests that traditional institutions' relationships with the government system play an important role in the process of new technology transfer and dissemination.

⁷ These religious actors are *pedanda* in Bali and *kiai* in Banten.

3. Building institutional capacity

The final key to improving consultation with and involvement of indigenous institutions requires ensuring that they are prepared to engage on a fair playing-ground. Empowerment policy will therefore:

- **Facilitate community ability to identify problems and develop and implement solutions relevant to the community's needs.** In particular, community leaders and heads of local institutions should be prioritized for targeted training.
- **Provide additional trainings on program implementation and financial management.** These skills will build institutional capacity to truly own and manage development initiatives. In addition, such capacity will provide deeper organizational autonomy and power in negotiation processes with government and private sector actors (IFAD, 2009).

CONCLUSIONS

Poverty has been declining in Indonesia since the late 1970s, but persists in some indigenous communities due to exclusion and marginalization from policy and broader development processes. An indigenous institution empowerment policy is therefore proposed as a means to harness institutions' capacity to mobilize rapid social and economic change that can reduce poverty. In addition, this approach will ensure indigenous institutions are present at the bargaining table with all stakeholders.

Key policy recommendations include 1) encouraging indigenous institutional involvement in development of empowerment strategies, 2) increasing institutional engagement and voice in government poverty alleviation approaches, and 3) building institutional capacity to identify problems and implement solutions. Specific strategies include:

- Develop an empowerment policy utilizing elements of indigenous culture
- Maintain indigenous communities' and their institutions as central stakeholders in empowerment policy and general policy development
- Actively involve local leaders and institutions in priority-setting and implementation of government development programs
- Integrate indigenous institutions' values into government development programs
- Facilitate community ability to identify problems and develop and implement solutions relevant to the their needs
- Provide additional trainings on program implementation and financial management.

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