

## OPTIMIZING THE USE OF LOCAL POTENTIAL TO CREATE SUSTAINABLE RURAL COMMUNITY DEVELOPMENT<sup>1</sup>

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### IKHTISAR

*Pembangunan ekonomi nasional yang terlalu mengandalkan sumberdaya dan bantuan luar negeri tanpa disertai upaya yang sungguh-sungguh untuk mengembangkan kemampuan dan sumberdaya yang dimiliki sendiri telah mengalami kegagalan total begitu krisis moneter yang melanda sejak pertengahan tahun 1997 yang lalu. Strategi dan kebijakan pembangunan yang mengutamakan laju pertumbuhan yang tinggi melalui pemberian konsesi terlalu berlebihan pada usaha-usaha berskala besar (konglomerasi) itu belakangan disadari sebagai suatu kekeliruan, karena telah mengaktivirikan usaha-usaha kecil berbasis pertanian yang ternyata mampu bertahan menghadapi krisis. Pergeseran penekanan strategi pembangunan dari produksi untuk pertumbuhan yang tinggi (production-centered development) ke arah people-centered development atau yang populer dengan sebutan "ekonomi kerakyatan", yang dianggap sebagai sebuah langkah penting untuk mengoreksi kekeliruan tersebut, tidaklah dengan sendirinya akan dapat berhasil. Keterbatasan kemampuan wirausaha dan kebiasaan yang sudah mengakar dalam masyarakat yang menganggap setiap bantuan sebagai hadiah*

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*merupakan dua faktor utama yang potensial dapat menyebabkan terjadinya kegagalan. Tulisan ini, yang didahului dengan pembahasan tentang pentingnya penggunaan pendekatan pengembangan komunitas atau community development, diharapkan dapat memberikan kontribusi bagi upaya untuk mengatasi terulangnya kegagalan serupa. Didasarkan pada kaji tindak dengan intervensi terbatas di sebuah desa di Kabupaten Lebak, Jawa Barat, tulisan ini menyarankan perlunya ditumbuhkan melalui pendekatan dari bawah (bottom-up approach) suatu bentuk kelembagaan pada tingkat desa yang berfungsi dan bertanggungjawab mengelola setiap dana bantuan dari manapun sumbernya yang dimaksudkan untuk pengembangan usaha ekonomi rakyat. Untuk menegaskan statusnya sebagai milik bersama dan fungsinya guna melayani kepentingan seluruh warga, dalam akte pendiriannya, lembaga semacam itu, apakah berbentuk yayasan, koperasi, lembaga perkreditan (credit union) perlu mencantumkan pembangunan komunitas desa secara terpadu dan berkelanjutan sebagai tujuan pokoknya.*

## Introduction

The paper is about a project in progress. It deals with a participatory action research being carried out in a village in West Java, Indonesia, that attempts to assist the people to improve their living condition through some scheme of intervention programs. These include achievement motivation and entrepreneurship management development training, institutional building and revolving credit offering. In essence the project is a community development project whose main objective is dedicated toward answering three basic questions:

1. How people in the rural area that are suffering from the impact of the present economic crisis can be motivated and be made aware of the potential natural resources that can be exploited economically so as to achieve self-supporting in their source of livelihood?
2. How an attitude of self-reliance can be revived after the result of the past development policy have made them socialized and accustomed

for a long time to the high dependency on external resources and assistance?

3. How the villagers can be assisted to organize themselves in an institution that can be used effectively to achieve the final objective of a sustainable community development?

The paper begins with describing production centered development policy adopted in the last three decades that has led to economic disaster as soon as the nation was hit by the monetary crisis since the mid of 1997. To overcome economic difficulties the present government adopts a new policy that puts the development emphasis on popular economy that gives more room for people centered development. This in a way means the revival of the concept of community development as an alternative to create a strong economic basis in the rural areas. The paper will briefly discuss some perspectives of community development and its application in an ongoing action research conducted by the writer. The main problems encountered in the study are put forward and some tentative findings are highlighted.

### **Background: From Production Centered Development to People Centered Development**

The starting point of Indonesian economic development was marked by the launch of the First Five-year Development Plan in 1969. At the early stage the development emphasis was laid on increasing agricultural products, with the goal of reaching self-sufficiency in staple foodstuff. At the same time foreign investors as well as local businesses were invited to develop manufacturing industries whose priority was given to produce import substitution goods. This was meant to save the huge amount of foreign exchange needed for imports.

The political turmoil that took place under the previous government of President Soekarno that ended up with the dissolution of the Indonesian Communist Party had indeed resulted in a disaster to the Indonesian economy. Indonesia had to suffer from economic crisis for the first time with foreign debt as big as US\$ 17 billion. Thus, the New

Order government under President Soeharto that took office since 1966 had to spend foreign exchange very prudently in order to be able to pay the outstanding debts.

Indonesia indeed began to enjoy self-sufficiency in foodstuff, especially rice, during the 1980s. Having the food supply been secured, then with full confidence the government had shifted the emphasis of development from agricultural sector to manufacturing industry with most products were import substitute consumer goods, such as motor vehicles and electronic appliances. After twenty years since the beginning of development plan, now most world leading automotive manufacturers and those of consumer electronic goods, especially from Japan, have had their production plants established in Indonesia. Despite late comers the products of four Korean *chaebols*, Samsung, Lucky Goldstar, Daewoo and Hyundai also began to enter many Indonesian homes, especially in big cities.

The phenomenal growth of manufacturing as well as construction and service industries that had been centered around metropolitan areas had caused a massive rural to urban migration of people looking for jobs in the modern sector<sup>2</sup>. Squatter homes began to mushroom; street vending and other informal types of job became alternative occupations for in-migrants who were not absorbed in the formal sectors. The glittering lights from high-rise buildings and streets as well as the relatively easier to earn money for a simple living had indeed attracted an increasingly large number of people from rural areas. Especially the young, who wanted to come and try to make their fortune in metropolitan areas, especially the capital city of Jakarta. Of course, this phenomenon is not unique to Indonesia. As From and Maccoby (1980) depicted in his study on a Mexican village "some of the young have left the village, attracted by the glamour and glitter of the city". Like in many big cities in the developing world the huge influx of in-migrant had resulted in uncontrolled urban growth (Atteslander, 1997) since

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<sup>2</sup> The phenomenon is, of course, not unique to Indonesia. It is commonplace in most developing and developed countries (see, e.g., Atteslander, 1997, Western, 1994). But given the magnitude of in-migration and adverse effects it has created on rural resource base development the situation is indeed alarming.



available public amenities were no longer sufficient to provide for the increasingly overpopulated cities.

In addition to uncontrolled urban growth another impact of this movement has been the abandonment of work in agriculture. This meant that increasingly larger plots of arable land in rural areas were left uncultivated. Working in the rice field was no longer a popular choice of occupation, especially among young people (Syahra, 1994). Apart from the relatively small earning obtainable from this job agricultural work was not a quick yielding one and considered less prestigious. In some rural areas, the situation even might have developed a symptom of agricultural involution<sup>3</sup>.

It should be noted that this amazing growth was made possible primarily by the huge inflow of foreign loans. The shopping around for foreign aids was a common practice by high government officials during the last three decades. Most of foreign loans made by the government went to the construction of infrastructures, such as new road networks, irrigation projects, electricity, telecommunications and other facilities to support the fast growing economy. Thus, instead of diminishing Indonesian foreign debt had been swelling up to US\$ 98 billion in 1997.

Easy was it to obtain the loans; the same was also true in the way to spend them. In many respects loans had not been spent appropriately on the intended purposes. Some parts, in fact, had slipped on the way. The ineffectiveness of loan spending was aggravated by markup practices of the project budgets. The slipping away and markup practices had made possible many government officials involved and project officers enjoyed excessive material wealth even before the projects were completed. For ordinary Indonesians it was no surprise if those people were suddenly able to buy expensive cars of any make

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<sup>3</sup> The anthropologist Clifford Geertz (1967) is the first introduced the term agricultural involution in his study about social change in Modjokuto village in East Java. He founded that occupational changes of many villagers from agriculture to trading and small industries had caused agriculture was no longer considered as the primary economic activity to support a living. The result was the gradual decay of agricultural activity in the village.

such as BMW, Mercedes Benz, and even Rolls Royce, luxurious homes and apartments, and other kinds of expensive imported goods.

The uncontrolled amount of financial assistance obtained by Indonesian conglomerates, both foreign sources and national banks, had also contributed to the luxurious lifestyle of the big businesses. To maintain the high prestige of their managers high salaries were offered, and luxurious cars and homes were standard facilities for them. These all were offered even before the businesses made profits. In the eyes of a foreigner who made a short visit to Indonesia, and stayed in one of the five-star hotels, then the physical appearance of Jakarta, cannot be distinguished from that of other metropolitan cities of developed countries (Kanter, 1995).

Unfortunately, the production centered development policy which was marked by astounding economic growth of 7 percent before the monetary crisis hit the country since the middle of 1997 was not followed by a fair distribution of wealth for the entire population. The policy had indeed resulted in the creation of a thin layer of capitalists and middle class citizens. These people, less than 10 percent of the total population, and mainly lived in large urban centers, controlled about 80 percent of the national wealth. They were getting more and more prosperous. However, the rest of the population, especially those who lived in the rural areas and urban slums has undergone an ever-increasing economic difficulty. The percentage of population who fall below the poverty line has increased from 17 percent in 1997 to unbelievably high of more than 50 percent at present. This has happened as a direct consequence of the sudden increase of unemployment rate that hit 70 million people or 35 percent of the total population in 1998 (Ismawan, 1998).

For those who stay in towns and urban centers, the loss of job especially for low level and unskilled workers means a total loss source of living. The absence of a social security system and the help from relatives has forced some of the unemployed to turn illegal means of fulfilling their basic needs. The economic hardship has resulted in an increasing tendency in the occurrences of criminal acts such as stealing, robbing, looting and extorting, most of which have been carried out simply in order to survive from hunger.

## Social Safety Net

The government has made every effort to improve the situation. An emergency rescue program that is now popularly called the social safety net with financial assistance from international institutions such as the IMF and the World Bank have been designed and implemented with two main purposes:

1. emergency food and health assistance for people directly hit the crisis,
2. and job creation and income generation for the poor and unemployed.

All related government ministries and institutions are involved in this big job for poverty alleviation. The Coordinating Minister for Welfare and Poverty Alleviation and the Minister for Cooperative, Small and Medium Businesses are among those who hold the key role in the disbursement of financial assistance for the relief program. However, despite all the good intentions from the top policy makers it seems unlikely that the program implemented is able to fully solve the problem in the years to come. There are at least two reasons that can be put forward in this respect. First, the large proportion of the population that counts up to a hundred million who badly in need for the rescue aids has outweighed the amount of resources available. Creating jobs for tens of million of people in this time of economic crisis is indeed not an easy undertaking. The high interest rate of more than 50 percent at present would not be good news for industries to restart production. Hence, nobody can predict when the sleeping big industries begin to recover and reabsorb the millions laid-off workers.

Secondly, despite the shift in the orientation and policy to people centered development, in practice there has been a lack of coordination and common understanding among the government ministries and agencies involved in the rescue program as to the way in which the concept should be interpreted into actions. At the lower or village level, for example, the officials of the Ministry of Agriculture and those of the Ministry for Industry and Trade have been more interested in working with farmers and industrial owners who can assure to contribute to high

production outputs. The officials of the Coordinating Minister for Welfare and Poverty Alleviation and The Ministry of Cooperative, Small and Medium Businesses have put more concern on the disadvantaged who are the *hardest* hit by the crisis through the offering of assistance. These include rescue aids in the forms of food ration and free health care to micro-credit schemes to start small businesses.

However, despite the differences in their targets of intervention, there is some resemblance in their approach. That is, the assistance was offered on an individual basis. The first two ministries have made selected production units as their targets of intervention, whereas the second made the reproduction units or families as their matter of concern. Thus, the growth approach or production centered development which is basically a top-down approach is still reflected in the way the program is implemented. What has been implemented in rural areas thus far is more of rural economic development than community development. There is a danger inherent to this approach. As Wilkinson (quoted in Chistenson, 1982) put it "Economic development without community development can increase the gap between social classes and reduce the expression of natural human tendencies toward interpersonal warmth, cooperation, tolerance and respect". In addition, if the strength of the village community was not provided with appropriate channels for its actualization which are in accordance with its inherent spirit, then it would become a negative force against the larger national community (Soetardjo, 1984: 43). Hence, the present people centered development or its synonym community based development can be associated with the process of improving the physical quality of life of an aggregate number of people with a strong intervention from the government and private agencies.

### **Some Perspectives on Community Development**

In essence, community development is people-centered development that puts the real needs of people as the basis for development actions. It is basically a model of development for people by the people. Thus it needs a high level of involvement and participation of the people in designing and implementing the plans for



action. Involvement and full participation "may serve as catalyst for solving problems at the community level as well as becoming an integral target of programs focusing on rural community development" (Goudy and Ryan, 1982). Therefore, the ultimate goal any of community development programs is to help community people to become subjects instead of objects, acting on their situation instead of simply reacting.

Community development can only achieve its ultimate significance both in design and practice as long as the depth of the term "community" is well understood. In his classic work *The Sociological Tradition* (1966) the sociologist Robert A. Nisbet, in making a full treatment of community or *Gemeinschaft* as Ferdinand Tönnies, the German sociologist who coined this great sociological concept termed it, defined it very thoroughly as follows:

Community is founded on man conceived in his wholeness rather than in one or another of the roles, taken separately, that he may hold in a social order. It draws its psychological strength from levels of motivation deeper than those of mere volition or interest, and it achieves its fulfillment in a submergence of individual will that is not possible in unions of mere convenience or rational assent. Community is a fusion of feeling and thought, of tradition and commitment, of membership and volition. It may be found in, or be given symbolic expression by, locality, religion, nation, race, occupation, or crusade. Its archetype, both historically and symbolically, is the family, and in almost every type of genuine community the nomenclature of family is prominent. Fundamental to the strength of the bond is the real or imagined antithesis formed in the same social setting by the non-communal relations of competition or conflict, utility or contractual assent. These, by their relative impersonality and anonymity, highlight the close personal ties of community.

It is quite clear from the above definition that any community, including village community requires total involvement and participation of every member. The feeling of togetherness, a sense of belonging to own living environment, consensus and mutual help for the

common good of all are among important ingredients for an ideal form of community. The extent to which this ideal form of community can be substantiated will depend on many factors, including the stage of social, cultural, economic and political development of the respective group of people or nation.

The term "community" when combined with "development", encompasses all kinds of effort made by the government as well as related private agencies directed toward improving the living conditions of entire population who live in certain geographic location, especially in rural areas. It is any purposive action attempting to improve the community so that a better environment available to residents (Goudy and Ryan, 1982). It may also refer to 'the process by which the efforts of the people themselves are united with those of governmental authorities to improve the economic, social and cultural conditions of communities into the life of the nation and to enable them to contribute fully to national progress' (ESCAP, 1979).

As a concept and policy for poverty alleviation designed for rural disadvantage community development has a long history of implementation in many countries of the world, especially in developing nations in Asia, Africa and Latin America. Even it had also become an important concept for improving the quality of life among disadvantaged communities in many developed countries such as the USA (Biddle & Biddle, 1966). It may be argued that community development is the first step taken in a long series of national development efforts. In India, for instance, the program for community development had started as early as 1947, only one year after the country gained independence from the British (ESCAP, 1979).

The Comilla project in East Pakistan (now Bangladesh) is another example of how a large scale of expertise and capital investment had been poured into a poor, highly populated rural area. The felt needs of the citizens form the starting point for program planning and administration. A strong emphasis is placed on social organization and motivation; decisions are based on the consent of the participants with varying amounts of persuasion, education, and communication techniques; and the social goals of human betterment are of great importance (Raper, 1970).

It is also of great importance to mention the full national scale New Village Movement or *Saemaul Undong* launched in 1971 in Korea by the late President Park Chung-Hee. The primary goal of this movement was to reduce income disparity and striking disparity in standard of living between rural and urban population. The goal had been achieved by stimulating the spirit of diligence, self-help and cooperation among villagers. To encourage the people's participation the President himself who gave full personal attention to the Movement had promised to extend government support to those villages that were most active in self-development. This had made Saemaul Undong one of the most successful integrated community development programs in any developing countries (Rogers and Kincaid, 1982).

### Community Development in Indonesia

Talking about community development in Indonesia it can be said that Indonesians now lead the way back to basic. In fact, as early as 1959 the government had shown much attention on rural development by the establishment of Ministry for Transmigration, Cooperative, and Rural Development. The ministry put the emphasis of rural development on the development of the entire rural population, hence community development (Tjokrowinoto, 1996). It was even reflected in the national development master plan that stated the goal of rural development as "improving the living conditions of the rural community by way of implementing an integral development based on self reliance and common agreement among members of the community. This could be achieved with some assistance in the forms of guidance from the government officials who act in the common ground of public policy for the whole nation" (Ndraha, quoted in Tjokrowinoto, 1996).

For almost four decades the concept had waned and given way to the gleaming concept and policy of economic growth and industrialization. The turning point took place only after the collapse of big businesses as soon as the monetary crisis hit the country whose impacts have spread widely into almost all sectors of life of Indonesian people. The bureaucracy began to pay bigger attention on the

empowerment of the grassroots, because the economic crisis has left tens of million of them without jobs and income.

The shift from bureaucratic style of management to community self-management to optimize the utilization of local resource potential is a logical consequence of the shift in the policy from production-centered development to people-centered development. This shift would certainly require some changes in management concepts, people's attitudes and behavior as well as management of technology (Tjokrowinoto, 1996). Furthermore Tjokrowinoto (1996) proposed five reasons to support the optimal use of local resources in community development.

1. Financial and other resources from the central government would not be adequate for the whole community, especially for those in the lower strata.
2. The implementation of development programs that are based on bureaucratic management with a tight schedule would not be commensurate with the real needs of people.
3. Local resources management is more sensitive to local variations, easily adjusted with variations in community life, physical and social environments and individual preferences. Bureaucratic management that is based on strict standard procedures would not be able to reach these variations. The involvement of the whole community in decision-making processes will give limitless potential to local resource management in making necessary adaptation to the varieties of physical and social ecology as well as individual preferences.
4. Local resource management will facilitate local people to mobilize various resources, such as under utilized lands and buildings, technical skills, communication networks and financial resources. The more the people are committed to certain ideas the bigger their willingness to mobilize these resources.
5. Local resource management places development responsibility on local people. This is in line with democratic principles where individuals and the community are the first subjects to bear the consequences for everything undertaken. Thus, there is a logical consequence between the decisions made by the community, their implementation, and the results obtained.



The five principles mentioned above have shed a guiding light on the action research currently conducted by the writers.

### **The Ongoing Action Research**

At the time of economic scarcity basic social research that have no direct practical application to the life of the society may be considered as a luxurious enterprise. This is especially true for research funded by the public or tax payers' money. Until 1997 right before the economic crisis hit the country social researchers who work for governmental research institutions were provided with sufficient funding to carry out a large number of research topics proposed. From 1998 on, however, the limited research budget available must spent strictly on research activities that are absolutely related to improving the quality of life of the crisis-ridden population. About a half of the budget must be spent on intervention schemes to help the poor or unemployed out of economic hardship. In other word during this difficult situation it is no longer considered adequate for researchers to only "explain" a social phenomena under study, but more than that they must also "do something" about the phenomena<sup>4</sup>. The appropriate form of social research that meets the demand is participatory action research.

The study conducted by the writer and his research team falls into that category. Started in July 1998 and will last for one year this is an implementation of the social safety net program. However, instead of spending the budget to fulfil the short term needs of the target group, it has been designed to be allocated on a series of activities directed to help members of a village community in making a concerted effort to improve their economic, social and cultural life. This is done by way of optimizing the use of human and natural resources available locally.

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<sup>4</sup> The present research situation experienced in Indonesia in a way supports Atteslander's (1998) conviction when he stated that "the pitfalls of modern empirical research methods often are, that they are not sufficiently related to societal goals as well as theoretical concepts". "From the billions of dollars spent yearly to apply social scientific instruments, probably more than 95 percent are short range as well as limited in scope".

The main objective of this undertaking is to prepare the villagers to lead to an expected long-term goal of a sustainable and integrated community development. It is expected that upon the completion, the findings and the lessons learned will contribute to the improvement of similar undertakings to be carried out in other communities.

It should be noted at the outset that the Indonesian society is highly varied. It consists of more than three hundred ethnic groups, big and small, who live in about 6,000 out of 17,000 islands that make the Indonesian Archipelago. Each ethnic group has its own language and set of traditional culture. Some ethnic groups, such as the Javanese and Balinese and a small number of other groups who reside in big islands of Sumatra, Java, Kalimantan and Sulawesi, have a rich cultural heritage and tradition. On the other extreme there are ethnic groups, especially those who live in remote and isolated areas, who still lead a primitive and sedentary way of life. Some can preserve their cultural heritage against the adverse effects of external influence that come along with the process of development and globalization, while others experience cultural decay or involution.

The differences in cultural richness among ethnic groups and even among communities that belong to one particular ethnic group have to be taken into account in planning the modes of intervention for community development. It can be assumed that in a community in which the acquired cultural universals, such as social organization, customary laws, technology, and arts, are well developed, a program for community development will not encounter big problems. On the other hand, if a community lacks a sound social organization and all cultural properties that make an ideal community, it is more likely that the program will face some difficulties in its implementation. The village that has become the target for intervention seems to fall into the latter category.

The village under study is one of twelve villages that belong to subdistrict of Warunggunung in the district of Lebak, West Java province. In the remote past, together with two other districts on the western tip of Java the district of Lebak were under the reign of the Banten Kingdom. Like other part of West Java that used to be part of the Kingdom of Pajajaran, this particular area has the same fertile land.

However, if there is something that can distinguish the people of Banten with those from Pajajaran or Parahyangan as the land is popularly named, is that in common they lack a strong drive toward making economic progress. The spirit of entrepreneurship is relatively low. This is indicated by the fact the most of the shop owners and big traders are outsiders, whether they are other ethnic groups or the Chinese. Most indigenous people of Lebak work in subsistent agriculture, whether as owners or laborers, and some others work as industrial laborers.

Sindangsari, as the village is called, is situated 13 kilometers to the west of Rangkasbitung, The capital of Lebak district, and about ninety kilometers from the state capital, Jakarta. In terms of population and the land area it is the smallest among all villages in Lebak. According to the village census it has around 1,900 population in 1998 that belong to 514 households. Around 80 percent of the total land area of 260 hectares is agricultural land. Rice field occupies around 90 hectares or 45 percent of the total agricultural land. When the agricultural land that is on average 0.5 hectare per family is optimally cultivated it can be assumed that the products will be sufficient to support more than a simple living of the whole population.

Until recently, however, because the close vicinity of the village to many industrial complexes in metropolitan Jakarta and its surrounding areas in West Java, a large number of villagers, mainly young males, had left the village, attracted to seek job and work in factories. Working in factory was more attractive than working in agriculture. The wages were relatively higher and more secure than the income obtainable from working in agriculture. But, once out of job they had to go back to the village. Since they had been accustomed to the factory work that gave definite amount of take home pay, weekly or monthly, it had been very difficult for some of the laid-off to return to the traditional work in agriculture.

The movement of people back to villages has been taking place since early 1998, the time many factories began to lay off workers or totally close as an impact of the economic crisis. The return of more than a hundred laid-off has added to the unemployed in Sindangsari to become almost three hundred, or around 18 percent of total population. Since the productivity of the villagers is low and the agricultural

products are limited, the return of laid-off workers to the village has become a new burden to the village.

Many kinds of relief programs and projects have now been designed and implemented to help improve the situation in rural areas. However, as has been mentioned, so far there has been no good coordination among governmental agencies involved. Officers from each agency came to the village and work strictly according to its own plan and schedule. In such a way, there has always been a tendency that most assistance provided was only enjoyed by a certain number of people, the selection of which frequently was not in accordance with the interest of the majority. This practice has taken place in the past and it remains so until recently. The worse is that such a top-down approach failed to trigger the desire of villagers to be more active in helping themselves. On the other hand it had helped to increase dependency.

The situation could become even much worse if the outsiders stayed and made decisions for the village. As Juan Flavio told about the experience of the Philippine Rural Reconstruction Movement (quoted in Korten, 1981), "... providing one worker per village we had intentionally created a dependence. The result was that the village tended to regress once the worker left. The few communities that really kept on moving were those that had institutional bases such as credit unions or cooperatives in which there had been more leadership development..."

Indonesia had the similar experience in rural development. For some people the word "project" depicts government officials who spend money easily or distribute it generously to them without having to think about the accountability of such action. This kind of mental attitude has been so widespread among government officials at any administrative level. It is precisely for that reason that at present the IMF and the World Bank have stipulated that financial assistance must be channeled directly to the intended target population without having to go through the bureaucratic hierarchy.

Unfortunately, even at the village level itself there is no guarantee that the money will be spent appropriately on the intended purposes. Aside from the fact the village officials tend to put aside some amount of the "project" money for their own additional income, it is



commonplace that existing village organizations have very little knowledge in project management. Therefore, the experience has taught that what is really needed at this time is a strong institution at the village level that are capable of coordinating, managing and channeling effectively any assistance that has been and will be directed toward improving the life condition in rural area.

The action research conducted by the writer and his team members was designed with a deep understanding about the above situation. Institutional building and development at the village level as mentioned at the beginning of this paper has been considered the key issue in the intervention scheme and central to all enactment of the villagers toward achieving the ultimate goal of community development. The whole range of the research activities can be outlined as follow.

1. *Preliminary orientation training* that was conducted in two kinds of activities: (1) achievement motivation enhancement to increase the spirit of entrepreneurship, and (2) awareness sharpening to increase the ability of villagers to look at the whole potential and resources available in the village and its vicinities. The resources are both natural resources and human resources. The latter is deemed quite important in handling. There are some reasons to this. First, the responsibility for community development should be placed on the villagers themselves if the process of development is to sustain. This reflects a development for the people and by the people. Besides, it will encourage people's participation and commitment in any program made for the good of all villagers. In addition, this is an opportunity to show an appreciation to local geniuses. The knowledge acquired by the villagers that is based on long time life experience is frequently more suitable in solving their problems compared with those given in the lecture room. This orientation training was held during the first week of October 1998 and participated by forty villagers, representing the formal and informal leaders, youth, women and business people.
2. *Institutional building and development*, the most important agent for community development, began with a series of public meeting that took place during the second week of October 1998, and participated by all the people mentioned above. The establishment

of an organization called Rural Community Entrepreneurship Development Foundation was agreed upon. All details related to the establishment of this Foundation were discussed and members of Board of Trustee, Advisory Committee, and Executive Committee were elected democratically during this meeting. To certify the legality of the foundation the researchers took the members of Board of Trustee to one of the notary public that had an office in Rangkasbitung, the district capital on the 13th of October 1998. It is clearly stated in its statute that the main function of the Foundation is to encourage, assist and direct the development of people's economic activities, by taking into account the entire natural and human resources potential available locally. The ultimate goal of the Foundation reads "to increase the welfare of all members of village community through an integrated and sustainable community development leading to the increase of village self reliance in economic and social life.

3. *Revolving credit scheme.* Once the foundation was officially established the chairman and treasurer of the executive committee opened an official account of the foundation in a local bank with the help from the member of the research team. The transfer of financial assistance from the Central Government to was made on October 16, 1998. The money that was meant as revolving credits was lent to the first batch of borrowers consisting of 22 groups of home food processing industry. The credit, with an amount of around US\$100.- each, was to be returned in 40 week with a flat interest rate of 10 percent. This is much lower than the current bank interest rate that hit 50 percent. The kind of industry was taken as an entry point of the credit scheme due to the potential market for the products in Jakarta and many other big cities. The main raw material for the product is melinjo (*gnetum gnemon*) nuts that are available in abundance locally, is made into crackers or snacks that are high in demand. Only two months after the first credit was launched that took place on November 5, 1998, another five micro businesses were able to obtain the credit. This was made possible by the regularity of installment payment by the first batch of debtors.

4. *Monitoring and consultation.* To make sure that the revolving fund can be managed properly the Foundation has been engaged in a contract with the project leader of the Indonesian Institute of Sciences who disbursed the credit fund. The contract stipulates among other things that the Foundation has to be fair in credit management in the sense that the credit must be beneficial to as many villagers as possible. This would be made possible since the money would stay forever as a fluid asset of the Foundation. The Foundation has to send make a monthly report to the researchers who act as consultants to the Foundation. The Foundation is also encouraged to design an integrated community development program by taking into account all economic, social, and cultural activities in the village that need funding.

After three month of the establishment of the Foundation there was a ray of hope in the faces of many members of the village community, and praises were aired that they could improve their living condition thank to the revolving credit scheme. One of the most important things to note is that the credit has made possible to provide jobs to as many as 150 villagers, mostly women. Although they are not considered the breadwinners in the community, the income obtainable from their work has contributed meaningfully to the livelihood of their families, especially for those whose husbands are unemployed.

However, the researchers realize that this is only a beginning to a huge task in a long way effort to create an ideal community. Perhaps, there are still many unpredictable problems ahead. This is due to the fact that the strong exposure of the rural community to external influences can, to some extent, erode their commitment to the communal lifestyle of the village. As Nisbet (1966) has contended the term community is not unique to traditional way of life in the rural areas. It can be found in other forms of social groupings as mentioned in the quotation above.

On the other hand, the life view of a "society" or *gesellschaft* as Tönnies called it, as the antonym of community, that is essentially contractual and characterized by the cost and benefit principles has also shown its trace among the members of the village community. Market

economy that has given birth to the idea of society with all its adverse effects to the life of rural community is a fact of life that cannot be avoided entirely. But as the rule of thumb we can say that in the community under study and intervention, and perhaps also in other rural communities, some basic properties of a community have to be preserved if the community has to last. Otherwise the life in the rural area will lose its inherent identity, the people will become marginal, and some extent of anomic situation will follow suit.

### **Concluding Remarks**

In this paper the writer have attempted to explain the revival of community development, the implementation form of people centered development, as an answer to deteriorating impacts of the overemphasis on growth or production centered approach in economic development in Indonesia in the last three decades. The social safety net program launched by the present government must be considered as an emergency measure that will not solve the long-term problem of poverty alleviation in the rural areas.

Optimizing the use of local potential, both natural and human resources through an integrated community development program is a strategic approach to redress the problem. However, a longitudinal effort is needed to increase the awareness rural population of the natural richness that is waiting for exploitation.

A strong social institution at the village level is prerequisite to a successful development project and program management. The absence of such an institution in the past has proven the ineffectiveness of the huge amount of development assistance poured into the rural areas.

The presence of market economy has created an extent of "tug-of-war" between the ideas of community and society. Unless some basic properties of a community are promoted it is very likely the villagers will be prone to marginalization.



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