



The Key to Sustainable Development: Solutions from the Jungles of Kalimantan

by Bardolf Paul

Kalimantan Gold Corporation, Ltd. is a junior exploration company working in Kalimantan. From the beginning, the company established a close relationship with local people and local government.

One of our main concerns was that local communities be the prime beneficiaries of any mineral development in the area. In 1997 we established a foundation, Yayasan Tambuhak Sinta, to ensure that this would happen.

Because lack of good governance has been found to be the main cause for local people not benefiting from extractive industries like mining, the foundation's main focus is to strengthen local government and the conditions for improving governance in local communities.

Over the past few years, the Foundation has been experimenting with a community development approach that links to the new bottom-up government planning mechanism, called Musrenbang. With this approach we think we can achieve meaningful and lasting development solutions. The Foundation has joined with other agencies in refining the approach and promoting it to other development actors. We feel it is particularly relevant and applicable for the mining sector.

Basic Principles for Sustainable Development

The following are key principles for engaging successfully and sustainably in the development process:

1. Understand the local context clearly: both government and community.
2. Involve local people as partners: both government and community.
3. Invest in building local capacity, based on local needs and aspirations: both government and community
4. Work with local institutions and existing mechanisms to strengthen the links between community and government.

Susila Dharma International Association (SDIA) works to relieve human suffering and promote just and sustainable development by partnering with and supporting grassroots, participatory development and humanitarian initiatives; empowering individuals and communities to engage in positive human, social and economic change; and raising awareness of global issues and inter-dependence.

SDIA, a network of members and projects in more than 30 countries, is an affiliate organization of the World Subud Association. SDIA maintains consultative status with the United Nations Economic and Social Council (ECOSOC) and the UN Children's Fund (UNICEF).

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Approach, Methodology, and Mechanisms

Our main focus is on supporting the government bottom-up participatory planning mechanism and process called the Musrenbang (Musyawarah Perencanaan Pembangunan). This starts at the level of the village and moves up, step-by-step, through subdistrict, district, province and central levels.

At the moment, we are giving community-based participatory planning our main attention because we believe it will generate the widest range of benefits. We see the annual Village Development Plan as the key to improving the overall quality of governance at the village level.

These are the key elements in the development approach and mechanism:

1. Village Development Plan

The Village Development Plan is the centrepiece in the process of local development. By learning how to make and implement an effective annual plan, communities will achieve the following benefits:

- i. They learn how to work together to identify and agree upon priority needs and actions for development;
- ii. They become able to express these needs and actions in a well-articulated plan that can be presented to outsiders for support;
- iii. They learn how to oversee and manage implementation of the plan in a responsible and equitable manner;
- iv. They learn how to access, manage, and distribute external inputs from government, NGOs, and the private sector;



- v. They become able to engage confidently with outside agencies; and
- vi. They become proactive about fulfilling the community's development needs.

For government the benefit is twofold:

- i. Government becomes much more knowledgeable about, and understanding of, local conditions from the information and data contained in the Village Development Plans and the Musrenbang. This enables government to plan and provide services and programs that are much more effective, timely, and relevant for villagers; and
- ii. The stronger institutional base in the local community provides a more secure platform on which government can deliver its programs and services. Delivery becomes much more effective, fair, and equitable.

2. Village Management Group

The Village Management Group is the main channel for development support. The Group usually consists of three people who are elected by the villagers to manage the planning and implementation process. They ensure good participation from the villagers, and keep everyone informed and up to date on progress.

The Group also manages a Village Development Fund. This is provided to each village to support the immediate implementation of the annual plan. It handles the money, pays for expenses incurred, and



keeps accurate records of expenditures and money received.

The Management Group mobilizes people to take part in the planning process and facilitates the formation of small groups to implement technical and economic improvement activities. It reports regularly to the Village Head, liaises with local government for input support, and takes an active role in the Musrenbang process.

Group members receive training in the above skills.

3. Economic Interest Groups

Once the planning process is completed, Economic Interest Groups are formed around existing production activities, such as pig rearing and rubber cultivation. Members of the Interest Group take part in group training with outside experts and they help one another implement improved production practices. Before an expert is hired, the Group prepares an outline of the support services they require. The contract for services that is drawn up with the expert is based on those requirements.

4. Village Development Fund

The Village Development Fund is an annual grant that is made available to the community to hire any outside technical expertise that is needed for improving local economic activities. A small portion of the Development

Fund can be used for purchasing material inputs and to compensate the Village Management Group for their administration time.

The Village Management Group administers and manages the Fund. It keeps track of expenditures and is fully accountable to the village and the foundation for how the money is used.

5. Contract Mechanism

Using the Village Development Fund, the Management Group signs contracts with local technical experts to provide services according to the priorities identified in the annual plan. The Management Group is responsible for overseeing the work of the technical experts, and to check to see that all activities are implemented properly before paying for their services.

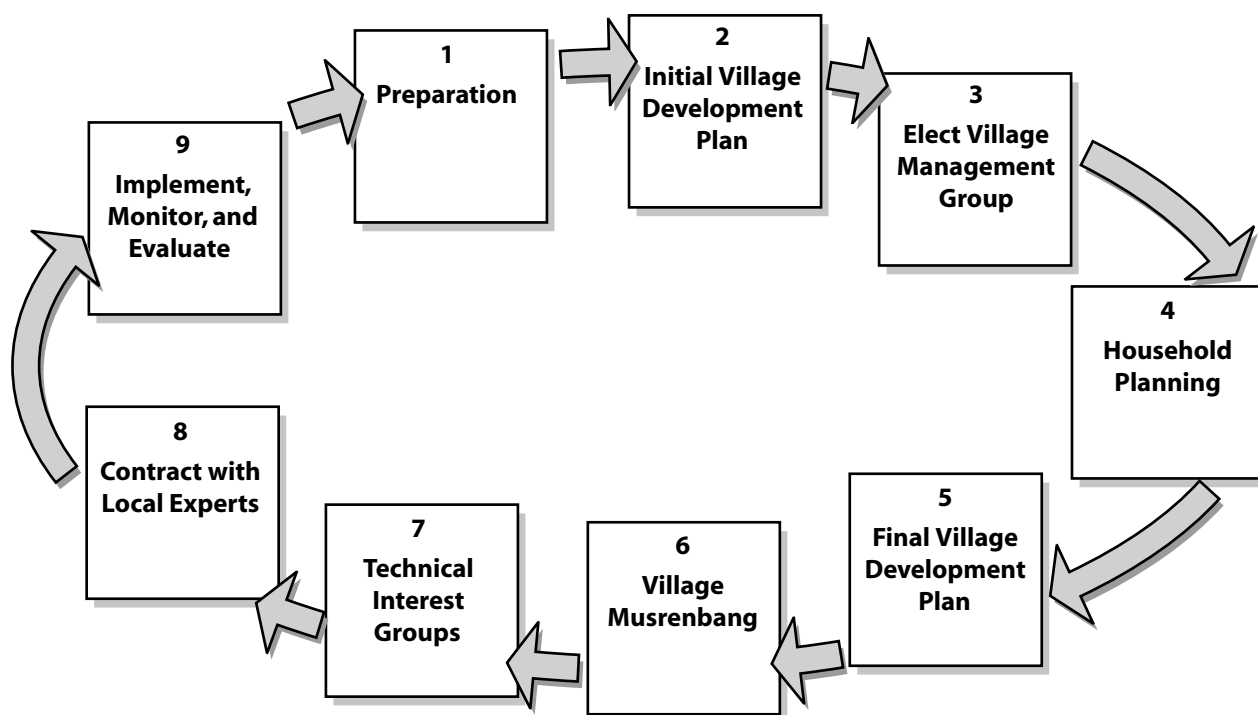
6. The Overall Process

The following is a short description of the annual planning and implementation cycle (see Figure 1):

i. Preparation

Before starting the planning process in a village, a certain amount of preparation is needed. Foundation staff meet first with the village leaders and later with the villagers themselves to explain the approach, and to get agreement on the working relationship.

Figure 1: Annual Planning and Implementation Cycle



If the village agrees with the conditions, an agreement is signed between the Foundation and the village, and a date is selected to begin working together on the planning.

ii. Initial Village Level Planning

The initial planning process lasts four days and involves the entire village. It is an intense time for everyone involved and results in a preliminary plan that is approved by the community at a final meeting.

iii. Election of Village Management Group

A three person Village Management Group is elected at the final meeting, in a secret ballot. At least one member of the Group has to be a woman.

iv. Household Level Planning

Following the meeting, the Management Group conducts individual household level planning sessions in order to build up a more accurate picture of development priorities for people. These individual plans are consolidated and integrated with the results from the initial village planning session.

v. Village Development Plan

A final Village Development Plan is agreed upon in a village meeting, based on the combined set of planning inputs. This plan will be the basis for development activities in the coming year, and for requests to government and other sources for support.

vi. Musrenbangdes

The village Musrenbang, or Musrenbangdes, is formulated in the same meeting as the Village Development Plan. It contains requests for support from the government for the following year. It is submitted to the government at subdistrict level in February.

vii. Formation of Technical Interest Groups

After the Village Development Plan has been decided upon, the Management Group helps form Technical Interest Groups around the economic production



activities that have been prioritized in the plan. Interest Groups consist of ten to twelve people who agree to work together as a self-help group. They then create a plan that details the support they require to overcome their problems and improve their production practices.

viii. Contracting with Local Experts

The Management Group then arranges for local technical experts to meet with the various Interest Groups and finalize agreements to provide technical support according to the plan created by the group. The experts sign formal contracts with the Management Group, including a budget for their services and a schedule for their visits to the village.

ix. Implementation

The Management Group coordinates and supervises the work of the experts, and pays them according to agreed-upon services provided. The Group also monitors and evaluates the results before year end.

Conclusions and Recommendations

Conclusions

We have been developing and testing this approach for three years and have found it workable and adaptable in different situations and localities. We believe it can promote real sustainable development because it enables local people in communities and government to engage in the development process in a meaningful and pro-

ductive way. This mechanism addresses their issues and needs; however, the responsibility for action remains with the local community, not outsiders. Moreover, local management skills and the capacity for collective decision making and action are being strengthened as people engage in the process. So it's a two-for-one result.

More work is needed to refine the approach. The more partners who engage with it, the more quickly it will become fully functional. Because industry can fund the capacity-building that is required for people in communities and government to learn how to work together to manage development in a much more efficient, effective, and therefore, sustainable manner, extractive resource industries are in a unique position to help key stakeholders shape and foster this process.

Recommendations

As a company that is committed to fostering and promoting best practices in Indonesia, we feel much greater progress could be made if there was more collective action between all like-minded players in the industry. With this objective in mind and in the light of our own experience, we would like to make the following recommendations:

Recommendation 1: Mining companies in Indonesia should establish an effective mechanism to pool resources and share results for finding solutions on common issues.

It is massively inefficient for each and every company to find their own solution to common development problems. The International Council on Mining and Metals (ICMM), is an example of an effective institution that is dealing collectively with global issues facing the industry. A similar entity is needed on the national level in order to deal with the specific common issues occurring throughout Indonesia. However, it will require the collective will to make that happen.

Recommendation 2: Mining companies in Indonesia should collectively support the Musrenbang planning process because it is potentially the most effective mechanism for fostering sustainable local development in Indonesia.

The Musrenbang planning mechanism is very new and the process of defining how it will work is still going on. There is a huge opportunity to assist government and

local citizens to find the best way to make it work effectively. If this mechanism can be made to function well, it would be the logical channel for all planning and support for sustainable development in Indonesia. Moreover, it provides a practical route for building capacity at all levels that will result in improved governance capability across the spectrum.

Recommendation 3: Focus non-mineral investment in capacity-development for good governance linked to the Musrenbang, especially with local government. Because it is critically important to have smoothly functioning government services and legislation, this is where one of the greatest needs is.

To make the Musrenbang mechanism fully operational and effective, a lot of capacity development is required. Funds are available for doing this in certain parts of the country but often not in the more remote areas where mineral development takes place. This is where a significant difference could be made in creating conditions that will support and enhance the mineral development process.

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