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Chapter 11

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Introduction

Transnational institutions such as the World Bank and the IMF are not supposed to meddle in the political affairs of creditor nations. Indeed, the Bank's charter forbids such meddling. The Bank is supposed to focus on economic matters such as growth and poverty reduction. As Bank experts have come to recognize that these economic goals cannot be achieved without 'good governance', the line between the political and economic has become blurred.[2] But there still is a line. The Bank cannot set the law for a sovereign nation. What it can do, however, is use the leverage of project funds to set conditions to encourage one course of action and discourage another. Such conditions operate at various scales. Nationally, IMF 'conditionalities' were imposed on debtor nations under the infamous structural adjustment programmes of the 1980s and 1990s. In principle – though not in practice – debtor nations had a choice: conform to the conditions of the loan, or decline the funds. At sub-national levels, Bank funds are channelled by means of projects directed to particular sectors represented by their line ministries (forestry, health), or to spatial units (provinces, districts, villages). In these arenas, the project 'target group' does have a choice. So too does the donor – it can select between candidates competing for project funds. In this situation, I argue, the donor can use project rules, or what some have called the 'law of the project', not

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2 F. von Benda-Beckmann (2006, 54); Rawski (2006, 921–2).

as a sovereign uses law, to secure conformity, but as a tactic to educate the desires and reform the practices of the target population. The funds serve as leverage to entice participation, but it is the project rules that take centre stage. By adhering to them, project planners expect participants to learn new and better ways of living, and make them their own.

It is the educative use of the 'law of the project' that I explore in this chapter.[3] My analysis draws on the concept Foucault called 'government' – a term he used in a specific sense. 'Government' refers to the attempt to shape human conduct by calculated means. Distinct from discipline, which seeks to reform designated groups through detailed supervision in confined quarters (prisons, asylums, schools), government is concerned with the welfare of the population at large. Its purpose is to secure 'the improvement of its condition, the increase of its wealth, longevity, health and so on' (Foucault 1991, 100). To achieve this purpose requires distinctive means. At the level of population, it is not possible to coerce every individual and regulate their actions in minute detail. Rather, government operates by educating desires and configuring habits, aspirations and beliefs. It acts on actions. It uses law, rules, incentives and other tactics to set conditions, 'artificially so arranging things so that people, following only their own self-interest, *will do as they ought*'.[4] Note that government in this sense is not the preserve of 'the government' or the state apparatus. Programmes of government are devised by transnational donors, NGOs and a host of other authorities. Nor does the term 'government' equate with governance or 'good governance' – the concern to make institutional regimes transparent and accountable. As it happens, 'good governance' is a central objective of the World Bank interventions I examine in this chapter, but not all governmental interventions have this goal. They are equally concerned with matters such as agriculture, public health and conservation.

Governmental interventions come in various forms, and can be more or less heavy-handed. In other work, I have traced continuities and shifts in governmental intervention in Indonesia from the colonial period to the present (Li 2007). In this chapter, I focus on the World Bank because it offers a striking example of government in a neoliberal or advanced-liberal form. Central to government under advanced liberalism, according to the sociologist Nikolas Rose, is an emphasis on choice. The subtext is game theory: assuming that actors are rational, the planner can devise conditions so that the actor will make the optimal choice – optimal, that is, in terms of the beneficial results the planner has prescribed. Setting choice in a framework of competition increases the leverage: not only will the actor who makes the wrong choice miss out on the promised benefits, others will receive them. Thus, competition and choice are keywords of advanced liberal government, to which is added a third, market, because the market is the operational manifestation of choice and competition. To govern in an advanced-liberal manner, Rose argues, is:

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3 For background on the phrase 'law of the project', see F. von Benda-Beckmann (2006, 62).

4 Scott (1995, 202), citing the 'pre-eminent governmentalist' Jeremy Bentham.

> not a matter of 'freeing' an existing set of market relations from their social shackles, but of organizing all features of one's national policy to enable a market to exist, and to provide what it needs to function …. All aspects of *social* behavior are now reconceptualized along economic lines – as calculative actions undertaken through the universal faculty of choice. Choice is to be seen as dependent upon a relative assessment of costs and benefits of 'investment' in the light of environmental contingencies …. And the paths chosen by rational and enterprising individuals can be shaped by acting upon the external contingencies that are factored into calculations. (Rose 1999, 141–2)

My analysis explores how the Bank attempted to use the 'law of the project' to transform the conduct of the Indonesian state apparatus, and millions of Indonesian villagers conceived as members of communities. In the first section, I examine how the Bank used the opportunity presented by administrative decentralization to reform the conduct of senior officials. Then, I examine the billion-dollar sub-district development programme designed by the Bank's social development team to institute new practices of participation and accountability in village-level planning. In the following sections, I examine two extensions of the Bank's sub-district development program, one focused on changing the culture of corruption, the other focused on conflict management. In both cases, the social development team used project rules and incentives to guide behaviour in an 'improving' direction. The latter part of the chapter considers how the Bank's ambitious programme of social transformation worked out on the ground in some Sulawesi villages, where I have carried out long term ethnographic research. This section reveals the limits of the law of the project as a means to govern conduct. I end with a brief conclusion.

Reforming Indonesia in the Age of Decentralization

The 2001–2003 World Bank Country Assistance Strategy (CAS) for Indonesia was phrased in a very different language from the CAS of Suharto's New Order (1966–98). It explicitly engaged with the problem of governance, and discussed the many past and present failures of the ruling regime.[5] These were topics generally avoided in previous decades, when donors applauded Indonesia's steadily increasing Gross Domestic Product and improved health and education indicators, and turned a blind eye to regime-sponsored violence, corruption and authoritarian rule (Guggenheim 2004; Woodhouse 2005). The CAS discussed various causes of poverty. No longer was the focus on deficient farming techniques or the lack of infrastructure. Yet the CAS retained the key feature exposed by Ferguson (1994) in his study of development discourse as an 'anti-politics machine': critical scrutiny of relations

5 There was also frank recognition of corruption within Bank projects. See Guggenheim (2004).

of production and appropriation were still excluded from its analysis. The CAS only identified problems and deficiencies that could be rectified by technical interventions of the kind Bank experts might supply.

Governance, stated the CAS, was 'Indonesia's key medium-term development challenge' (World Bank 2001a, 6). Hence, it was governance that had to be rendered technical: parsed into its components (corruption, lack of accountability, transparency, rule of law), each of which could be rectified by expert design. To emphasize that the focus on governance was not an imposed, World Bank agenda, the CAS referred to development partners, including civil society organizations, who requested Bank support in this area (World Bank 2001a, i–ii, 17, 24). It thus constructed a discursive terrain which positioned the Bank not as a coercive force, laying down the law or dictating how people should live, but rather as a reservoir of expertise to assist indigenous reformers who had set their own agenda.

The techniques through which the Bank proposed to achieve good governance conformed rather closely to the governmental approach characteristic of advanced liberalism described above. Specifically, the CAS argued that good governance could best be promoted in a climate of competition that rewards performance. Indonesia's decentralization programme that went into effect in 2001 presented an opportunity for the Bank to insinuate calculation and choice at multiple spatial scales. In place of standardized national programmes evenly spread, a hallmark of the New Order, Indonesia's provinces, districts, sub-districts and villages would have to compete for Bank support. Bank experts designed the competition to direct conduct in quite specific ways. At the provincial level, the Bank would:

> seek to support reform-minded, pro-poor leaders and performing governments, through on-going supervision, project preparation, and sub-national dialogue. Selection criteria and a short-list of areas would be reviewed with the central government, to seek agreements on 2–4 provinces in which the Bank could initiate deeper engagement through consultations with local governments and civil society, and through provincial public expenditure reviews. (World Bank 2001a, 28)

To receive Bank support, in other words, candidate provinces must first demonstrate that they had absorbed appropriate values or, better still, had autonomously arrived at a position that was reform minded, and pro-poor. They must be 'performing', according to Bank standards. Selected provinces would then become eligible for a further intensity of World Bank expert supervision, including scrutiny of their accounts.

Why would a province's senior officials volunteer to submit to World Bank tutelage or, indeed, compete for the role of tutees? Access to Bank money was the 'external contingency' that enterprising leaders would learn to factor into their calculations. The CAS did not stress the persuasive power of cash, however, perhaps because money might complicate the idea that being 'pro-poor' is a characteristic of authentic leaders, a group needing only to be encouraged and supported by the Bank and other pro-poor reformers in collegial partnerships. It hints at bad faith, dancing to the donor's tune. Through the CAS, the experts implied, the Bank sought merely to strengthen the indigenous virtues of responsibility and accountability already present in embryonic form.

The attempt to foster competition between provinces, restated and intensified in the 2004–2007 CAS, was in tension with the Bank's 'overarching goal … to reduce poverty and vulnerability' (World Bank 2001a, ii). It was markedly at odds with the rights-based approach to development strongly advocated by the UNDP in the same period, which argued for higher public spending to meet the health, education and other basic needs of the poor, with a focus on the poorest provinces.[6] Caught in this contradiction, the Bank could not support only a few 'performing' provinces. In the CAS, neoliberalism and poverty reduction were brought into alignment by deflecting responsibility downwards. Through its 'community-driven development' programmes, the World Bank would 'empower communities so that poor everywhere have an opportunity', even if they happened to live in districts or provinces where authorities were 'reluctant to undertake reform'.[7] What was proposed in this neoliberal vision was equal opportunity to compete for funds, not equality of outcomes. Moreover, access to this opportunity required conforming to strict conditions.

Social Development and the By-pass Model

Empowering communities fell within the remit of the Bank's social development team. Before the CAS was written, the team had been carrying out studies of social capital in Indonesian villages, and had devised a programme that would give 'teeth to the reform agenda laid out in the CAS and Indonesia's decentralization program by turning broad principle into a program of action' (World Bank 2001a, 3). This was the Kecamatan ('Sub-district') Development Programme (KDP). It was ambitious on several fronts. First, the team intended from the outset that the KDP would serve as both a programme of action and a policy argument. They would use '"facts on the ground" to show that properly designed community empowerment programs lead to higher returns, greater benefits for the poor, and more sustainable outcomes' (World Bank 2001b, 5). They would demonstrate how

6 BPS, BAPPENAS and UNDP (2004).

7 World Bank (2001a, 28, 26). The role of the social development programme in ensuring access to 'development' in the context of Bank-enforced competition and 'selectivity' was further emphasized in the subsequent CAS (World Bank 2004a, 28). A Bank study of decentralization recommended a role for the central government in defining standards that lower levels of government must meet, pushing responsibility downwards (World Bank 2003a,). The proposition that properly designed decentralization would make political and administrative elites more accountable, rather than intensify the authoritarian tendencies of 'predatory networks of patronage', is critically examined by Hadiz (2004).

to do development better – a demonstration aimed both at the development industry, including the Bank, and at the Indonesian bureaucracy. Second, the scope of their transformatory ambition was extraordinary. They did not set out to transform one or other delinquent sector of society (farmers, the poor and so on), but society itself. As one expert put it, the goal was to 'get the social relations right'.[8] Third, the KDP was unprecedented in its scale: no previous community development programme had become so large so fast. In Phases 1 and 2 (1998–2003), the KDP was implemented in tens of thousands of villages across the archipelago: one in three. With its offshoots, it absorbed US$1 billion of loan funds. It accounted for more than half World Bank lending to Indonesia in 2001–2003.[9] Finally, the KDP was ambitious in the extent to which it took over the entire process of project delivery, completely by-passing the national planning and disbursement systems, substituting its own rules and the labour of up to 4,200 consultants supplied through private-sector contracts. These consultants, almost all of them Indonesian, operated as a loyal, parallel bureaucracy, answerable to the Bank and the KDP's official sponsor, the Central Planning Agency.

The by-pass strategy seems counter-intuitive. In a programme that aimed to have an educative effect, why by-pass the officials whose conduct needed to be reformed? Explaining the reasons for the by-pass strategy, the project designers argued that they needed space to demonstrate the effectiveness of their approach. In the early phases, 'KDP did not allow local governments to meddle much in the project. The risks of misguided government takeovers were too high' (Guggenheim et al. 2004, 2). Further, they argued that contract workers were more flexible, and could be hired without inflating the civil service payroll (Guggenheim et al. 2004, 9). Not until Phase 3 of the KDP (2005–2008), after the virtues of its approach had been confirmed, did the social development team attempt to integrate KDP delivery and normalize its rules as part of the regular legal and administrative system (World Bank 2003b). Although reform of the state apparatus was one of the KDP's long-term goals, its principal point of intervention was tens of thousands of rural 'communities'. These communities had, the team argued, natural capacities for self-management – a social capital that was damaged by the military-dominated regime of the New Order, but was still present and could be restored. KDP would set the conditions for this natural capacity to re-emerge by empowering communities to plan their own projects and manage conflicts. Then, through the force of popular demand, they would reform the state apparatus from below.

The template for the KDP was simple. It provided block grants of US$60,000–110,000 to sub-districts, where an elected committee comprising a man and a woman from each village adjudicated between competing proposals prepared by

8 This expression appeared in Woolcock (1998, 187).

9 Guggenheim (2004, 2, 8). Further phases and offshoots of the programme were scheduled to receive 25 per cent of all World Bank lending to Indonesia in the period 2004–2007, and were a cornerstone of the Country Assistance Strategy (World Bank 2004a, ii).

villagers. The menu was open, but most of the proposals were for infrastructure projects (local roads, water, irrigation) or for small enterprise credit.[10] The KDP team insisted on competition as a means to reward performance: The villages with the best 'pro-poor' proposals would win. Villagers had a choice: they could elect to join the competition, and play by the rules, or they could stay away. As the social development team stressed, the innovations of the KDP lay not in its activities, rural infrastructure and credit, which were conventional, but in the mechanisms of project planning and delivery. Indeed, one observer who studied the project in 2002 concluded that the objective of raising rural incomes had actually been dropped, due to the difficulty of measurement and 'the primacy of the overarching objective – creating participatory institutions and processes'.[11]

Every technical feature of the KDP was designed for a transformative purpose. Project funds were to serve as leverage. In order to access these funds, villagers had to subscribe to a very detailed set of rules that obliged them to form committees, hold consultations, and interact with each other in new forums and new ways (World Bank 2001b, 3). They were required, for example, to post notices of meetings in public places for a set number of days – reversing the usual practice in which plans were made and deals done in private. A meeting could not proceed without a representative from each of the outlying hamlets – a measure to prevent capture of the project by the elite families that typically reside in the village centre, to the exclusion of the poor. The budget for approved projects had to be posted publicly and itemized, so that everyone would know where the money went. The rules were elaborated in manuals, checklists, information sheets and other documents. They were also presented verbally and reiterated constantly by the army of consultants and facilitators hired by the project to work at village or sub-district level, and by selected residents – a man and a woman from each village – who received training and stipends for their work on project implementation.[12]

There was a rather obvious tension between the KDP's claim to be building on the social capital naturally present in Indonesian communities, and the detailed specification of nationally standardized KDP rules. Indeed, requirements for elections by secret ballot, decisions by vote, and gender equity were deliberate reversals of customary practices in many parts of the archipelago. As the project's chief architect, Scott Guggenheim, observed: 'KDP could not function without its operational manual, disbursement system, poverty targeting criteria, and innumerable "coordination teams" …. KDP villages 20 kilometres from Jakarta use the same formats, planning cycle, and facilitator structure that villages in the jungles of Papua do' (Guggenheim 2004, 38). How, then, did the KDP claim to support 'local forms of organizing' and 'local adaptation and ownership?'

10 Block grants had been used before, under the New Order and during the 1997–98 crisis, but without such tight control (Guggenheim 2004).

11 Edstrom (2002, 2). Guggenheim et al. (2004, 6) still listed poverty alleviation as the KDP's prime objective.

12 World Bank (2001b, 13); Guggenheim et al. (2004, 9); Woodhouse (2005).

(Guggenheim 2004, 39, 40). The claim came down to the way the KDP granted villagers responsibility and choice *within* the project framework.

The KDP's rules were designed for their educative effect. They would reform practices and desires. Neither the ends they sought to achieve nor the means were up for debate. The social development team argued that the KDP's detailed rules and constant monitoring were necessary because of the complexity of the social terrain they aimed to transform. Their ethnographic studies showed that villages had the potential 'to become self-managing actors in development programs', but warned against overly romantic assessments: 'Most villages are not egalitarian, harmonious units, but conflictive and highly stratified entities with internal problems of exclusion, corruption, and conflict of their own.' In view of the high risk of elite capture, procedures must be designed to prevent it. The KDP set out to correct the deficiencies of past projects that 'simply "gave" resources to villages with no planning structure for negotiating through these problems' and watched 'their funds slip through village fingers with little return for the investment' (World Bank 2001b, 4–5).

Techniques for Corruption Reduction

The anti-corruption strategy of the KDP was not an add-on; it was integral to the objective of the project (Woodhouse 2005, 1). Every step in the project process was designed to prevent corruption within the project, and to establish new habits that would carry over into other arenas. The anti-corruption strategy occupied a seven-page annex in the KDP Phase 2 project appraisal document (World Bank 2001b). Corruption was also the subject of special ethnographic studies, case reports and experiments. Corruption was rendered technical, parsed into components for remedial intervention as the KDP design team set out to 'chip away at the fortresses of monopoly power and impunity' (World Bank 2002b, 54).

Three approaches to corruption reduction can be discerned in the KDP. The first was to design the project to maximize transparency. The block grant funds were sent directly to a bank account in the sub-district, cutting out the many layers of bureaucracy through which 'leakage' normally occurred (World Bank 2002b, 15). The amount of funding available was publicized. Once a proposal was accepted, villagers had to monitor to ensure that contracts for construction were awarded competitively and materials met quality specifications. Transparency rules required project implementers at the village level to hold open public meetings to account for how the money was spent, and to answer questions (World Bank 2002b, 54). There was a complaints procedure to handle breaches of the project rules. The Bank contracted independent NGOs and journalists to monitor the project, and publicize its successes and failures. Their job was to draw attention to cases of corruption, and to the efforts of villagers to get corrupt individuals convicted (Guggenheim 2004, 7). Sanctions were built into the project cycle, well publicized, and followed through. Corrupt facilitators were fired, some officials went to jail, and 'non-performing' sub-districts were cut from the programme (Woodhouse 2005, 18).

The second approach to corruption treated it as a problem of culture. The Bank's ethnographic studies and case reports showed that corruption was accepted as normal. Funds were routinely siphoned off as a reward for public office (Evers 2001, 15–16; World Bank 2004b). Villagers were driven to complain only when they deemed the balance inappropriate – when too much money was extracted from a project budget, and not enough shared with other claimants. When corrupt parties were confronted, KDP studies showed that villagers were mainly interested in having the money returned so the project could be completed. They were not interested in prosecution or other forms of punishment (Evers 2001, 14). To the KDP design team, the finding that corruption was accepted by villagers flagged a problem in need of correction. They argued that this cultural norm was not authentic – it had emerged historically in the distorted context of the New Order, when development assistance was understood as a gift. Villagers were told they should be grateful for gifts, however small, and not ask too many questions (World Bank 2002b, 52). To restore traditions of accountability that were still present, though weak, the design team proposed that KDP village facilitators should engage in moral argument, explaining to villagers why corruption should not be tolerated. KDP researchers should also identify 'key opinion makers, channels of information, and the forums where communities discuss among themselves local forms of anti-corruption action' (Guggenheim 2002, 4). Once these opinion makers, channels and forums were identified, the team thought they could be optimized to achieve the results – transparency, empowerment – desired not only by outsiders, but also by villagers who were already engaged in 'anti-corruption action' of their own. Further, the team proposed to use ethnographic 'thick description' of corruption cases to reveal how social norms entered into incentive structures (Woodhouse 2005, 6).

The third approach to corruption in the KDP was to work directly and minutely upon the incentive structure. This approach treated corruption as a rational response to a given set of incentives and disincentives. It would occur wherever the benefits of corruption outweighed the costs, or, from the victims' perspective, the costs of protest outweighed the benefits. In this spirit, a Bank researcher analysed the cost benefit equations for each step of the KDP process for the different parties involved. Based on the findings, the researcher proposed adjustments to the reward structure to close loopholes, increase the risks and reduce the benefits from corrupt behaviour to the point where such behaviour would no longer be rational (Woodhouse 2005, 35–9).

The KDP team also worked on changing the cost–benefit equation from the perspective of the victims. Their studies showed that the victims of corruption often had quite complete knowledge about how, when and by whom project resources were stolen, but the costs of protest were too high for them to use the information. Costs included harassment or intimidation by the perpetrators or by police and other officials; being accused of giving the village a bad name, reducing prospects of receiving development funds in future; the cost of transportation to make repeated visits to the city to present information to the police and prosecutors, and time and energy spent in a legal process that few believed would produce any result. To change this equation, the team experimented with the use of informal or customary settlement procedures, which they thought might be more effective and less costly for the complainant, both socially and financially (Evers 2001; Woodhouse 2005). Researchers also documented cases where ‘poor people have been able to use the justice system successfully to defend their interests and rights’. From this analysis, they identified the enabling conditions for successful village action, and devised schemes to replicate them (World Bank 2002a, 4; 2004b). The KDP also piloted a programme of legal assistance to support village groups wishing to take a corruption case to court. In its usual comprehensive fashion, the team set rules for legal aid lawyers, who should be volunteers committed to public service, not individuals seeking private gain. They should abide by ‘rules of the game’, which included breaking from the customary practice of paying off judges (Evers 2001, 5-8).

Conflict Management

Initiatives in conflict management developed as an extension of the KDP. Just as the team had parsed the problems of participation and corruption, the team parsed conflict into its components – its triggers and pathways – in order to identify points of intervention. They identified existing social capital and local mechanisms for dispute resolution that could be supported, enhanced and replicated. They studied innovative approaches that villagers had devised for themselves. As with the KDP more generally, the assumption was that communities already held the secrets to overcoming violence (and poverty, for that matter), but they needed Bank assistance to recover virtuous habits and practices damaged by the New Order.

The team argued that communities were previously less prone to conflict, because customary norms were agreed, rules were enforced, and there were respected leaders capable of mediation.[13] These conditions no longer existed, due to the mixture of populations and attenuation of custom brought about by migration, and by the New Order’s deliberate displacement of customary institutions in favour of standardized, national ones. Yet the New Order’s standardized national institutions had not taken hold. There was no functioning, impartial justice system (police, courts) to which aggrieved parties could turn. The result, the studies found, was confusion. There were formal and informal rule systems that overlapped and conflicted. Rules were interpreted differently, poorly enforced and easily manipulated.

13 Smith (2005) describes past customary regimes in Kalimantan in these terms. Madden and Barron (2004, 67) describe the attenuated mediation skills of villagers.

For the Bank experts, confusion about rules emerged as a significant cause of conflict. The solution they proposed was to craft coherent rules to restore what was naturally present, and supply something new to meet the needs of the time. Local knowledge and practice should be nurtured, the experts argued, but also adjusted through the 'application of general democratic principles of conduct' (Smith 2005, 45). 'Outside technocrats' should not be the ones to determine new rules or resolve disputes. Instead, 'spaces, incentives, and resources need to be created and sustained by a range of actors that make it possible for disputants to craft resolutions that all sides can own, uphold and enforce' (Barron, Smith and Woolcock 2004, 33). The role of the Bank would be to supply the 'mediating institutions' and the 'meta-rules', or at least the 'minimum standards' for meta-rules that villagers would craft within the space the Bank's programme would provide (Barron, Smith and Woolcock 2004, 34). The initiative to alter patterns of conduct, the experts stressed, must come from below. All parties must uphold agreements and be accountable for their actions (Barron, Smith and Woolcock 2004, 36, 37). In social life, as in the marketplace, the experts insisted, only good performance should reap rewards.

In tension with the stress on initiative from below, the team proposed to use material incentives as leverage to 'encourage different communities to participate in the process and agree to certain baseline rules' – minimally, the outlawing of violence as a way of solving problems (Barron, Smith and Woolcock 2004, 35). The proposed incentive package was the standard KDP fund for small infrastructure projects. Of equal value, according the team, was the KDP process, which provided 'relatively neutral inter-group forums within which villagers are potentially … able to more peacefully mediate conflicts of certain types'.[14] The proposition, in short, was that hostile groups would choose to set aside their differences because they wanted access to resources such as new roads and bridges that they could only obtain if they agreed to abide by Bank rules. Yet Bank-supplied incentives would only add weight to the protagonists' own cost–benefit analysis. Rational actors would desire to stop fighting when the costs of conflict outweighed the benefits (Tajima 2004). At that point, all that was needed was the appropriate mechanism. Once they experienced the benefits of peace, the cost of conflict would no longer seem acceptable.

Grafting conflict resolution onto the KDP had risks, as Bank experts acknowledged. Competition between groups over scarce resources was the source of many conflicts, yet they proposed to use more competition – well-crafted, managed and 'facilitated' competition – as the solution.[15] Nevertheless, the chain of reasoning linking diagnosis to remedy was persuasive enough for the team's proposals to be turned into a project funded with millions of dollars in loans. The

14 Barron, Smith, and Woolcock (2004, 34). See also Smith (2005, 48–50).

15 The risks are described in Smith (2005); Tajima (2004, 29). Bank social experts planned a controlled study of the risks and benefits of using KDP-style mechanisms for conflict management (Barron et al. 2004).

Bank approved the Support for Poor and Disadvantaged Areas Project (SPADA) running from 2005 to 2010 with a loan of US$104 million. SPADA aimed to help break the conflict cycle by improving relations between groups, engaging villagers in KDP-style participatory planning, and providing incentives to co-operate (World Bank 2005c, 3). Although the design team recognized that feelings of social injustice were widespread in the Indonesian countryside, they had no proposal to transform the material roots of those feelings. Rather, participation in SPADA would transform the feelings themselves, replacing them with feelings of trust, co-operation, (healthy) competition, and empowerment. Monitoring in SPADA would include the use of 'tracer methodologies' to track the effects of training interventions on 'changes in knowledge, attitude, and performance at periodic intervals'. Household surveys would evaluate impacts on social capital and attitudes towards conflict and violence, together with economic and other indicators (World Bank 2005c, 31). As with the KDP more generally, the project rules were designed to instil new practices and beliefs – a transformation far more significant than the dispersal of funds.

Project Law and its Limits

The social development team's interventions in Indonesia were unabashedly governmental. They set conditions to reform not just the practices, but the desires and beliefs of their target population. In terms of reformed desires, the KDP claimed some evidence of success, as villagers started to demand efficiency, effectiveness and accountability from the state apparatus, augmenting transformation through what the team called a 'multiplier effect' (World Bank 2002b, 9; Guggenheim 2004, 33).

As a quantitative measure of uptake, KDP planners anticipated that project procedures which had proven effective would be packaged and sold. The goal – becoming a reality by Phase 3 – was for the KDP to become a 'Golden Arches' or 'franchise' model, in which 'participating districts would "buy" the rule book and staff training/management procedures … with the project funding the full cost of the technical assistance, but a decreasing share of the Kecamatan grants'.[16] There was uptake across borders too, as the programme pioneered in Indonesia was declared 'best practice' and replicated. By 2005, there were clones of the KDP in the Philippines, Timor Leste and Afghanistan (Guggenheim et al. 2004, 4).

Reactions to the KDP from the Indonesian state apparatus, and its willingness to take on US$1 billion of debt to finance the project, suggest that the KDP offered them something of value. Although the by-pass model caused some officials to

16 World Bank (2001b, 20). In 2004, 40 per cent of districts opted to provide matching grant funds to the KDP. The team proposed to make matching contributions from districts a requirement for those districts to retain access to KDP funds after an initial three-year period (Guggenheim et al. 2004, 12; 16).

avoid involvement in the KDP because it cut them out from their customary share of project resources, others reportedly welcomed it (Evers 2001, 10). Supporters claimed to recognize the virtues of the participatory, bottom-up process, and wanted to replicate it (World Bank 2002b, 40–42). Perhaps the officials who spoke in these terms knew how to please the donor. Perhaps the KDP provided sufficient benefits for officials to offset the frustration of lost income. Villagers who received high-quality infrastructure projects that met their needs were a satisfied constituency.

In the early years of post-Suharto reform, the repeated failure of state-sponsored development projects was a problem for administrators and politicians alike. Their job security depended upon being able to lay claim to at least some success, especially success of the measurable, visible kind KDP-funded roads and bridges provided. Despite its by-pass procedures, the KDP was still a project of the government of Indonesia, one which strengthened the claim of the regime to govern in the interest of the people and promote their wellbeing. Further, as explained earlier, donors operating in a decentralized environment could choose their 'partners', cutting off troubled or 'non-performing' provinces, districts and sub-districts. Officials who co-operated with the consultants hired to deliver the KDP acted within a field of constraints and opportunities that had been structured to guide their actions in calculated ways. Nevertheless, the social development team was all too aware of the fragility of its interventions. Once the incentives and the massive monitoring apparatus of the KDP is dismantled, 'it remains an open question', KDP architect Scott Guggenheim observed, whether reformed village and sub-district councils 'can avoid slipping back into the authoritarian traditions of rural politics' (Guggenheim 2004, 33).

To monitor the effects of its programme, the KDP team continued to engage in ethnographic research in various sites across the archipelago. The programme is so vast, and conditions so varied, that many studies will be needed to discover the range of outcomes, both in the short run and over time, as processes stimulated by the programme shift and evolve. Here I can offer some observations from one of my field sites in Central Sulawesi, which I revisited for two months in 2006, following up on field research I conducted intermittently throughout the 1990s.

Since my last visit in 1998, not only had the KDP arrived, there had been other transformations, notably the end of the Suharto regime, administrative decentralization giving more authority to the districts, and intensified interest in the rugged, mountainous interior of the peninsula where indigenous farmers, migrants and regional elites scrambled to profit from the arrival of new commercial tree crops, especially cacao. The visit gave me the opportunity to see what difference the KDP had made in village-level planning, something I had observed quite closely throughout the 1990s, and to situate the KDP in relation to broader shifts in social forces, including the emergence of landlessness and a new landlord class in the hills.

My first indication of a shift was a meeting with the district head, at which he talked enthusiastically about the new focus of government on improving the lives of the poor living in the hills, who had been sorely neglected during the previous era. His narrative had a patriotic twist: it was shameful, he said, that six decades after independence the people of the hills were still living in a primitive state, without roads or access to education. The last time I talked to a district head, neglected highlanders were nowhere on his horizon. So this was different. To solve the problem, he was determined to build roads into the hills, combining funds from the KDP with routine budget allocations. I described to him the results of my studies about the link between road-building, the arrival of outsiders and the rapid dispossession of highlanders, who retreated further into the hills – away from the schools and the road intended to help them. He acknowledged the problem: 'I gather them together and I tell them,' he said, 'don't sell your land.' In his vision, wise words from a paternalistic politician would be enough to stop dispossession in its tracks.

The sub-district and village heads I spoke to next echoed the district head's concern for the poor, and his enthusiasm for the road-building programme. The material incentives are easy to spot: access to the hills would give them the opportunity to play broker, allocating land to outsiders as well as expanding their own landholdings. But according to KDP rules, government officials and their allies in the regional economic elite are not the people who decide on the use of project funds. As I explained earlier, plans are the result of a carefully managed consultation process in which every hamlet, even the most distant and marginal, *must* participate. If they are absent, a planning meeting cannot proceed. The KDP facilitator – a paid consultant from outside the local government apparatus – is charged with ensuring that these rules are followed, and applying sanctions if they are not. So I went along with one of the facilitators when she was working in a hill area I know quite well, to see how this worked out in practice.

Faithful to KDP principles, the facilitator insisted that the planning meeting to initiate a new project cycle should be held in the hills, or at least as far into the hills as she and her team could go without walking – at the end of the new road, built in the previous year's KDP project cycle. When our group arrived on the back of a small fleet of motorbike-taxis, a few people had gathered, but not the crowd the facilitator expected or required if she was to proceed. After waiting a couple of hours, she called on a sub-district official who was serving as interpreter to ask if a representative of each of the hamlets was present. There was an awkward pause. The official called off the numbers – hamlets 1–12 – asking if a representative was present. Different voices from the crowd responded with vague shouts that could be taken as affirmative. Since she did not know the village and could not speak the local language, she was not in a position to verify. I later confirmed that no one from the more distant hamlets was present at the meeting. In conversations with me over the following week, they described their exclusion in terms of a barrier that blocks information and resources in the path. They also described the 'crocodiles' who guard the path, to make sure this situation does not change. The KDP has rules to prevent this – an elaborate system to prevent elite capture. Yet the carefully crafted control system was defeated by the pragmatics of a long, hot, tiring day, the likelihood that the crowd would dissipate because they had no lunch, and the facilitator's need to keep to a rigorous schedule for programme delivery, report writing and audit. So she ticked the box, and moved along.

The first activity on the meeting agenda was to elect the villagers who would lead the consultation process. Candidates were proposed, and the illiterate crowd placed paper ballots in containers. It turned out that the person handing out the ballots had signalled to the voters that the correct answer was number 3. Number 3 was duly elected. There were grumbles about that too, as I learned in subsequent conversations, as number 3 was a person the highlanders did not trust. Caught in webs of debt and dependence with the village elite who live on the coast, and ashamed at their inability to speak Indonesian in front of high-status outsiders, they had been intimidated. Later, they regretted that they had not had the courage to speak out. As the meeting rolled along, the official/interpreter talked about the opportunity provided by KDP funds to extend the new road further into the hills, and to build a bridge connecting the hamlets on the other side of the river. The facilitator, through the same interpreter, emphasized that they – the people – would decide about the use of the funds, through a consultation process that would involve many meetings over many months. But the highlanders had already got the message – the correct answer was the road and the bridge. So they did not see much point in meetings.

Even if the highlanders had discussed their preferred uses for KDP funds in their hamlets, the outcome might have been the same. The better-off highland farmers would opt for the road, because roads enable them to get their cacao down to the market by motorbike instead of by paying porters. The poorer highlanders, who work as porters, would be silent or absent from the planning meetings. Portering is the most lucrative income-earning opportunity for the new landless class in the hills, those who have sold their land to neighbours who have been more successful at establishing and extending productive commercial farms. It is back-breaking work. The teenage son of a widow I knew well died of a haemorrhage as he forced himself to carry excessive loads. When I discussed with landowners what would happen to the porters when the road arrived, they had no comment. As I noted earlier, the KDP's designers understood very well that there is little natural solidarity in Indonesia's villages. Yet they still believed they could intervene on the side of the poor simply by insisting on procedures for including their voices, and their choices, in the proceedings. In this case, not only have the benefits of voice failed to materialize or to result in poverty-reducing shifts in power, the processes of poverty-production have actually intensified. Coastal elites have moved in wherever new roads are planned, buying up or simply laying claim to the land, and holding it for speculation. Meanwhile, the poor still walk along the old footpaths that follow the riverbeds, since these are shorter and not as hot as the new roads. They cannot afford to use the motorbike-taxis. Thus, the KDP's micro-managed planning process did not alter the social forces that perpetuate inequality and inadvertently supported them.

In another case I tracked in a different village, highlanders mobilized to protest against corruption, in just the way KDP planners promoting village empowerment intended. Armed with crucial information, namely the amount of money allocated for building a road to their hamlet, they monitored closely. They interviewed the driver of the bulldozer hired to do the work, and found out the cost per day for the machine and his labour. They calculated that the budget was more than sufficient for the road to reach their hamlet. Instead, it stopped about half way. The village headman told the highlanders the money was insufficient, but because of KDP's transparency rules, the highlanders knew precisely how much had been stolen from them, and they were furious. Learning that the district head was to visit the highlands, a group of men, some of them clutching blowpipes, waited where the road ends to present their grievance. Unsurprisingly, although they waited all day, the district head did not arrive. Their protests to the village head and the sub-district head fell on deaf ears, and the highlanders' assumption was that they had all been paid off. So the highlanders had information and they united to take action, but they still had no means of redress. The KDP's attempts to increase villagers' access to the means of holding corrupt officials to account have yet to reach this corner of Sulawesi, where powers are entrenched and project rules easily circumvented. This particular road-building project, although it used the KDP rulebook, was one of the new-generation 'indigenized' versions of KDP that no longer use facilitators hired directly by the Bank, but return control of the project process to bureaucrats who are presumed to have learned – and to desire – new and improved ways.

How reformed is the bureaucracy in this area? Sub-district officials I knew from the 1990s acknowledged that the KDP was much tighter than the old system – there were far fewer opportunities to steal funds. As they pointed out to me, this gave them less incentive to be involved, and it also made them impatient with endless meetings to elicit the planning priorities of backward highlanders in distant hamlets. The aspect of the project they and the villagers appreciated least was the KDP proposal procedure that sets hamlets and villages in competition with each other over project funds. Although the criterion for selection was supposed to favour proposals that were most convincingly 'pro-poor', comparing the list of KDP projects in the sub-district with my knowledge of patterns of poverty did not convince me that this process was working, and no one else with whom I discussed the matter thought it was either. All too obviously, equal opportunity to compete did not produce equitable results. Overall, my conclusion was that neither the KDP nor the 'reform' movement that removed Suharto from power, nor the two together, had been able to engineer a shift in social forces sufficient to reorientate planning towards the poor in this part of Sulawesi. Such a shift may still emerge, and irate highlanders scrutinizing a project budget and uniting to protest are possibly an advance sign of it, but the counter-forces are still formidable.

The limit of the 'law of the project' as a vehicle for social transformation under 'normal' conditions might explain why the Bank's social development experts have been strongly attracted to post-conflict and post-disaster situations. In these situations, experts can imagine building upon a clean slate, not just physically but socially – constructing a new society in which the delinquent structures of the old order would not intrude. Under the label 'Community-Driven Reconstruction', Bank experts devised strategies explicitly designed to take advantage of vacuums in state capacity in order to instil new practices that, in normal times, officials might oppose. They envisaged an 'opportunity to re-define the social and institutional relationships that led to the conflict in the first place' (Cliffe, Guggenheim and Kostner 2003, 1). They planned to use the incentive of access to Bank funds as leverage to reform, or indeed to constitute, 'communities', and to reform a weakened state apparatus that needed rapid and tangible reconstruction to establish its credibility. Under disaster conditions, they reasoned, ruling regimes lose their capacity to dictate the terms of donor assistance, enabling experts to rebuild society according to their own prescriptions.[17] Yet the experts recognized a limit to this approach: when a project is designed as 'an island of integrity outside state structures, there is a risk of low government ownership undermining sustainability in the long term' (Cliffe, Guggenheim and Kostner 2003, 20). In Aceh after the tsunami, where the KDP was one of the primary vehicles for aid delivery, I was struck by a passage in a World Bank bulletin: 'Don't forget the Government.'[18]

Conclusion

The World Bank in Indonesia has devised a massive programme to reform conduct. Its mode of operation is governmental. It sets out to reshape desires and set conditions in which the targets of reform will find it in their interest to configure their practices in an 'improving' direction. It uses the 'law of the project' not in the way a sovereign uses law – as a means to secure the authority of the sovereign – but rather relies on project rules as tactics to transform the behaviour of subjects who retain the freedom to choose. As I have demonstrated, freedom is not the converse of government, it is its instrument. Choice is a keyword of governmentality in its advanced liberal mode. When the Bank social experts designed their interventions, they had very specific objectives in mind: they would make decentralized provincial and district governments accountable and 'pro-poor'; they would alleviate poverty; they would restore the natural capacities and

17 The approach is described in Cliffe, Guggenheim and Kostner (2003). The Bank duly noted that its activities in conflict zones might be opposed on 'nationalist' grounds (World Bank 2005c, 41).

18 World Bank (2005b, 4). Rawski (2006) examines the use of KDP-type mechanisms in Timor Leste, where the Bank team imagined a clean slate, but its interventions were opposed on two fronts: by the resilience of the patriarchal, clan-based loyalties and aristocratic privileges that continued to shape local relations of rule, and by the UN-mandated transitional government authority that was convinced it alone had responsibility for defining the new institutional structure and legal regime, while the Bank was merely supposed to deliver a poverty alleviation project. In Afghanistan, the KDP concept of an elected sub-district body responsible for planning and disbursement not only became law – it was enshrined in the post-invasion constitution.

social capital of Indonesian villagers, and they would use villagers' experience of the benefits of efficient and transparent planning to reform the state apparatus by pressure from below.

The desirability of the ends sought by the Bank's social development programmes was simple common sense: who would not prefer a well-built bridge to one built with inferior materials, washed away at the first flood? Which villagers would prefer to remain ignorant about what happens to budget lines designated for the poor when given the opportunity to hold authorities accountable? Wasn't it reasonable to reward performance? Shouldn't rules be clearly laid out and followed? Even if the social experiment were to fail, the KDP was efficient: Village infrastructure built under KDP rules cost 23 per cent less than equivalent infrastructure built through the routine planning mechanisms (World Bank 2001b, 6; 2002b, 6–8, 20–21).

Putting the questions this way, within the logic of the programme, I would be among those offering applause. Yet the benevolence of a programme does not excise the element of power. Even when they set out to learn from the best practices of Indonesian villagers, members of the World Bank team positioned themselves as experts who knew what was wrong with Indonesian society and how to correct it. They envisaged a two-step process in which project incentives would be used to create the conditions in which actors would adhere to the 'law of the project'. Later, they would adopt project rules as their own, absorbing them into their everyday practices, their common sense. Without engaging in an explicit debate on the matter, they would come to understand justice as a matter of distinguishing the legal from the illegal, the accountable from the corrupt, the plan that was 'pro-poor' from a plan that would benefit the rich, and the deserving poor from those whose failure to perform made them ineligible for assistance. They would govern themselves according to a framework in which competition, choice and the transformation of social relations into a vast cost–benefit equation governed by transparent 'rules of the game' were the optimal arrangements. My approach in this chapter, drawing from Foucault, examines the 'law of the project' in a critical light that does not revolve around good versus bad intentions, or good versus bad outcomes, but focuses, rather, on understanding the kind of power exercised by experts who set out to transform society by design.

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