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Influence over time: Community-driven development and the changing nature of the World Bank's impact in Indonesia

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Much literature has focused on the influence of the World Bank with regard to policy reform in low-income countries. While this literature has been produced over the course of many decades, the underlying studies have not tended to take a multi-decade approach to examining the way that World Bank influence changes in a given country. Put differently, studies tend to examine specific periods of time rather than looking at influence over time. This article seeks to contribute to scholarship on World Bank influence by looking at a twenty-year period of World Bank engagement in Indonesia. The purpose is (a) to map the nature and influence of the World Bank as it engaged with the government of Indonesia (GOI) around education and development policy, (b) to reflect on how and why that engagement changed over time, and (c) to consider the implications of the study in relation to the broader literature on the evolution and current status of World Bank influence. The focus of this article is in the area of governance, where the World Bank has pushed and experimented with decentralization, community-driven development, and school-based management. While the article focuses on education policy, reforms in this area have been impacted by governance reforms more broadly.

Keywords: education policy; community-driven development; school-based management; governance; World Bank; Indonesia

INTRODUCTION

Much literature has focused on the influence of the World Bank (WB) with regard to policy reform in low-income countries (Edwards & Storen, forthcoming). This literature has been produced over the course of many decades but the underlying studies have not tended to take a multi-decade approach to examining the way the WB influences changes in a given country.[1] Instead, studies tend to examine specific periods of time rather than influence over time. The present article seeks to contribute to scholarship on WB influence by looking at a twenty-year period of WB engagement in Indonesia. In reference to this time horizon, the purpose is (a) to map the nature and influence of the World Bank as it engaged with the government of Indonesia (GOI) around education and

[1] For exceptions, see Bujazan, Hare, La Belle, & Stafford (1987) and Edwards, Victoria and Martin (2015).

development policy, (b) to reflect on how and why that engagement changed over time, and (c) to consider the implications of the study in relation to the broader literature on the evolution and current status of WB influence. As will become clear, the focus of the WB's engagement—and thus the focus of this article—has been in the area of governance, where it has pushed and experimented with decentralization, community-driven development, and school-based management. While the article focuses on education policy, reforms in this area have been impacted by governance reforms more broadly, in ways that will be discussed.

As for key terminology, it is important to be clear: decentralization refers to the shift of responsibilities from the central government to lower levels of government; community-driven development, refers to when communities assume varying degrees of autonomy in the selection and implementation of development projects; and, school-based management refers to the management of various aspects of a school's duties by committees that are made up of parents, teachers, and principals. However, as indicated above in discussing the purpose of this article, the central focus is not these reforms themselves or their implementation in practice but rather the relationship between the WB and GOI over time.

What makes this case particularly interesting is that, in the 2000s, the GOI took steps to alter the dynamics of the relationship between itself and the WB by increasing funding to education. However, as will be shown, while GOI funding has increased and while WB influence has shifted, it is not necessarily the case that the WB is altogether less influential. In the post-2000 period, and in the face of government assertiveness and its desire to increase its influence, WB aid management, technical assistance, research capability, and knowledge dissemination have become more important, if still relatively invisible to the casual observer, with traditional mechanisms related to financing being downplayed publicly – although, arguably, this mechanism continues to play a significant role, as well.

The article begins with a brief note on theory and method before describing the context of Indonesia. A findings section follows in which four distinct phases of WB engagement are addressed. The final section focuses on discussion, connections with the broader literature on WB engagement, and conclusions.

THEORY AND METHOD

Conceptually, the research was conducted from the perspective of what has been labelled "critical international political economy" (Edwards, 2018). In short, this perspective balances a focus on material and ideational factors. It does so by tracing interaction among actors from the WB and the government while taking into account the ways that this interaction is (a) strategically-informed (e.g., by the actors' own calculations), (b) structurally-constrained (e.g., by the political-economic conditions within which the government operates), and (c) ideationally-informed (e.g., by the prevailing reform trends in the realm of international development). In the present article, the focus is to trace the ways that governance-related reforms—both generally and with regard to education—have evolved within the dynamics specified by critical international political economy. Space constraints here prevent a fuller discussion of the foundations of this theoretical perspective; see an extended discussion in Edwards (2018).

The research on which this article is based was conducted during 2014.[2] The research began with a desk review of documents pertaining to the WB's governance-related projects during the 1970s to 2014, including such sources as project appraisal documents, project completion reports, project amendment documents, etc. (see Edwards, 2014). This review was followed by interviews with 25 senior organizational and governmental actors, all with extensive experience and in-depth perspectives on the engagement and influence of the WB in Indonesia when it comes to developing and implementing aid projects. The interviewed actors represented the WB, the US Agency for International Development, the Australian Agency for International Development, the Ministry of Education and Culture (MOEC), and the National Development Planning Agency. The inclusion of interviewees from a range of organizations helped to extend and triangulate the claims made by interviewees from the government and the WB. Interviews were complemented by a review of academic literature on the evolution of foreign aid and education policy in Indonesia. To analyse the data, a variety of methods were purposively selected for their ability to unpack the dynamics of interest—that is, the dynamics of influence between the WB and GOI over time. These methods included: counter-factual analysis (where one reflects, based on an in-depth understanding of a particular case, on what would have happened if the WB had not been involved in education reform and had not acted as it did); process tracing (where one follows the genesis and evolution of policy ideas); and the use of heuristic matrices (i.e., tables) to portray and examine various forms of engagement and influence over time and across "levels" (e.g., international, national). For more on the methods employed to analyse the data, see Edwards (2012b).

In this research, theory and method worked together to produce the insights offered here. That is, the perspective of critical international political economy directed attention to the structural, relational, and ideational aspects of the context in Indonesia while the methods discussed above helped to understand and unpack those same aspects. The theory and method employed here were ideal for the research since it was exploratory in nature, since it sought to characterize and interpret the nature of interaction and the manifestations of influence between the WB and GOI over an extended time horizon—and all in relation to the governance reforms of decentralization, community-driven development, and school-based management. In line with the focus, theory, and methods of the article, the findings presented below are organized according to the phases that emerged and the issues or themes that defined those phases.

CONTEXT

After independence in 1945 and until 1967, the Communist Party of Indonesia, under the autocrat Sukarno, ruled Indonesia. Sukarno's regime was characterized by strict, top-down pathways of authority, a framework that was further embraced when martial law was re-instated in 1959, abandoning the 1950 Constitution aimed at ensuring freedoms of individual citizens (Bjork, 2003). After a bloody coup in 1966, Sukarno lost power to Suharto. Suharto instated a "New Order"—so named to contrast with Sukarno's "Old Order"—and opened up Indonesia to foreign investment. Another important change was Suharto's move to rejoin the WB and the International Monetary Fund (IMF) in 1967, at a time when Indonesia was heavily dependent on foreign aid and assistance (Engel, 2007).

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[2] The findings presented here have been adapted from the more extensive write-up in Edwards and Storen (forthcoming).

Sukarno had walked out on both institutions two years prior, partly due to the United Nations (UN) endorsement of the creation of Malaysia (Toussaint, 2008).

In a long-term perspective, between 1968 and 2004, not only did the WB have a strong presence in Indonesia, but this institution also offered over US$30 billion in loans to the country (Engel, 2007). For much of this time (1974-89), the WB was the main source of external funding (Toussaint, 2008). With the introduction of Structural Adjustment Loans (SALs) during the time of Robert McNamara's leadership of the WB (1968–1981), Indonesia saw a stronger commitment to export-oriented policies, privatization, and deregulation (Engel, 2007). Additionally, during the WB's heyday, both this organization and GOI placed emphasis on the idea of decentralization.

Universal primary education was also encouraged as part of the poverty-reduction strategies of the 1980s, but despite the WB applauding Indonesia's achievement of universal primary education in the early 1980s, the quality of national education remained low (Bandur, 2012). Throughout the 1980s, transition rates from primary to secondary school continued to drop and were, in 1986, as low as 64.9% (Bandur, 2012). Attempting to mend some of the short-comings of the national education system, the Indonesian MOEC launched a pilot program on local curriculum integration, called the Local Content Curriculum (LCC) in 1987 (Bjork, 2003, 2005). The program granted authority over schools to provinces, a trend that increased after the unanimous re-election of Suharto in 1988. Suharto's "New Order" had made significant attempts—or at least gestures—to transform Sukarno's top-down authority framework of the 1950s and 60s. Despite the rhetoric of decentralization and community-based decision-making, however, the legacy of authoritative rule still held strong, and lower levels of government remained closely dependent on instruction from the central government (Alatas, Pritchett, & Wetterberg, 2003). Moreover, a custom of foot-dragging in the transfer of power, resistance to the implementation of accountability mechanisms, and corruption (e.g., payments for services, kickbacks, patronage networks, and nepotism in contract allocation, etc.; see "setbacks and struggles" section in Edwards & Storen, 2017) has complicated efforts to implement decentralization policies.

Nevertheless, as with trends in development more generally, both the WB and the Indonesian government would continue to experiment with various forms of decentralization and community-based initiatives in the 1990s (Edwards, 2012a; Edwards & DeMatthews, 2014). This is not surprising, since the WB had referred to decentralization of governmental powers and functions as a "make or break issue" for Indonesia in the period leading up to the string of decentralization projects in the 80s and 90s (Bjork, 2005). The next section characterizes the ways that Indonesia experimented with decentralization and community-based initiatives in the 1990s and 2000s while also explaining the changing role of the WB during that time. As will be shown, in order to understand the trajectory of governance reforms in education, one must first understand reforms outside the education sector.

FINDINGS

Phase 1: World Bank modifies and improves the government's community governance programs

During and prior to the 1990s, the GOI ran programs at the community level in both urban and rural areas that WB would seize upon and further extend. It is essential that we understand the origins of these programs and how they became objects of the WB's attention. Having this understanding is important because these programs would serve as the basis for future programs at the heart of Indonesia's governance reforms.

The approach to community governance in urban areas can be traced back to the *Kampung* (slum) Improvement Program (KIP). Though KIP was re-launched in Jakarta slums in the early 1990s,[3] government-assisted KIP programs were first implemented in Indonesian urban slums in 1969,[4] with the WB contributing US$483.3 million in funding from 1970 to 1988 (World Bank, 1995, p. 12). From its inception, KIP's goal was to "alleviate poverty by supporting efforts to improve housing services and basic infrastructure in low-income areas known as kampungs [slums]" (World Bank, 1995, p. 6). The KIPs focused on infrastructure, particularly paved roads, school construction, health clinics, and water supply.

In WB documents from the early 1990s, the KIP was referred to as a self-help community program. In contrast with the KIP program from the 1970s and 1980s, when investments were made according to needs identified by the government, in the 1990s, the involvement of community-based organizations in the KIP was believed to ensure participatory development, less wastage, and fund usage that more closely reflected the needs of the communities (Juliman, 2006; World Bank, 1995). Tellingly, the evaluation of the KIP model, as implemented in the 1970s and 1980s, concluded the following:

> Despite . . . the limits reached by a centralized model in meeting urban sector needs, the government remains the dominant decision maker in urban development to this day. Yet difficulties experienced by both the government and the Bank in supervising multi-city projects from Jakarta hastened efforts to devolve project implementation responsibilities to the local level of administration. (World Bank, 1995, p. 8).

The report then went on to suggest that, "future projects should promote working partnerships with community groups and non-governmental organizations" (p. 9). It is, therefore, not surprising that the revised version of KIP in the 1990s gave communities the responsibility of recognizing development needs, and then using the KIP grants to meet them. For an idea of how the revised version of this community-led development model worked, see the description in Box 1 of a sister program (implemented in rural areas). An additional point to note is that the revised version of KIP was run through the WB's own KIP unit within the government's Housing Department, likely a response to the frustration that the WB felt with regard to how the government managed the program (Juliman, 2006).

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[3] Available documents do not indicate in which year the KIP program was re-launched.

[4] On the history of KIP in the pre-WWII period, document review revealed: "The *Kampung* Improvement Program (KIP) was first introduced during the colonial government, when members of the opposition in the Dutch Parliament demanded more "humane" conditions for local populations living in urban areas in the colonies. The establishment of municipal governments early in the century brought about a renewed interest in the topic of kampung improvement. The first period of KIP extended from the 1920s to the beginning of World War II. Surabaya and Semarang started with the improvement of some kampungs in 1924, an effort initiated by the municipal government." (World Bank, 1995, p. 17)

Box 1: Project Identification and Design in Rural Areas through the Kecamantan (sub-district) Development Program

The Kecamantan (sub-district) Development Program (KDP) was an effort to address long-term structural poverty in [rural areas in] Indonesia through targeted, decentralized block grants. The KDP was financed with a World Bank loan of $225 million and $47 million from the government of Indonesia. Its goal was to support village-level investments.

How are these village-level investments identified? A participatory village project identification and planning process prioritizes one or two projects that are then formulated with the help of trained facilitators—often students. Projects can only be submitted by community-based organizations (CBOs) that have existed for at least a year. If more than one project is identified, then one has to come from a woman's CBO. The project has an "almost open" menu of eligible investments (excluding a few options, such as religious buildings and environmentally damaging projects), trusting the poor to select investments that will have the greatest influence on poverty reduction.

The projects are technically appraised by local experts (villagers with relevant skills or experience), in consultation with line agencies in order to seek possible synergies and avoid conflicts with planned agency operations. Proposals that pass these filters are then submitted to the Kecamatan council, which discusses and prioritizes them according to their overall impact, poverty impact, and technical and financial feasibility. Those that are approved are funded.

Source: Dongier et al., 2002, p. 307

There are two key developments to highlight from the above. The first is that, in the early 1990s, while the WB was attracted to the general model of relying on communities to carry out development projects (Edwards, 2012a), it was not comfortable with the fact that community-level projects were chosen by the government. Since the 1980s, it has been common for the WB to criticize government-led development as overly-centralized, bureaucratic, inefficient, and lacking in accountability. In Indonesia, the WB also has a long history of struggling with "leakage" of loan funds—a term employed to refer to misappropriation and corruption. The WB thus saw the KIP program as a response to these challenges. Though already mentioned previously, the second development to highlight is the fact that the WB saw it as necessary to create its own unit within the government in order to manage the revised KIP program in the 1990s. This development not only underscores the extent to which the WB wanted to avoid government control of the program but also marks the beginning of a trend, for the WB would take similar actions with the rural version of KIP.

With regard to rural governance, in the mid-1990s, the WB took the community-driven development model implemented by the government in rural villages (known as the Left-Behind Village program) and created a parallel program that was managed by the WB and funded by its loans (known initially as the Village Infrastructure Project and later as the Kecamatan [sub-district] Development Project). From the perspective of the WB, GOI's own "top-down transfer system [for its rural program] was clumsy and slow," and it suffered from problems of elite capture and political manipulation (World Bank, 2001,

p. 4). For these latter reasons, the WB's rural development program gave block grants directly to the villages, in order to avoid the government's system of transfer across multiple bureaucratic levels. This aspect of the WB's programs represented a significant departure from the highly-centralised nature of the Indonesian government that had been cultivated under President Suharto and the New Order state (World Bank, 2001); it was also a departure that would continue in the late 1990s and 2000s, as explained in the next section.

Phase 2: Crisis, World Bank influence, and scaling up in the education sector

At the brink of the Asian Financial Crisis in 1997, the WB was involved in the funding and support of several projects in Indonesia, as discussed above. Decentralization and block grants funding mechanisms were central. When the economic crisis finally arrived, Indonesia was hit hard. Worsened by the El Niño drought and the drastic drop in rice production, the time period of 1997–98 exacerbated poverty and hunger. Economic growth dropped from a promising +7% in early 1997 to -15% the following year (Bresnan, 1999). The year 1998 brought about political crisis, which, after a "leaderless" revolution[5] and pressure from the US, eventually resulted in Suharto's resignation (Bresnan, 1999). Although the US had suffered criticism for having supported Suharto's dictatorship through continued economic aid, Suharto's fall now "offered a new beginning for US policy in Indonesia" (Bresnan, 1999, p. 105).

The US and the IMF offered bailouts to Indonesia, but after controversial bailouts in Mexico[6] in 1994 the offers made to Indonesia came with a high level of conditionality. Conditionalities included closing heavily indebted banks and cutting government spending. In addition, under the interim presidency of Bacharuddin Jusuf Habibie, decentralization was pushed in all development reforms. During this time of crisis, the interim president may have been more easily influenced by WB's preferred governance models, namely decentralisation in various forms. The WB was in an ideal position to push such reforms, since it already had in progress multiple decentralization projects that it was funding and assisting. At the same time, decentralization was of interest to the central government in order to reduce tensions between itself and the provincial level governments, some of whom were interested in seceding from Indonesia.

The Asian Financial Crisis not only brought about massive reforms in both the political and economic sphere, but also placed Indonesia increasingly under the influence of lending institutions such as the WB and the Asian Development Bank. An urgent need for finances also changed the landscape of development programming. The WB's rural community governance programs (described above) were particularly important during the recession because they provided cash payments to those hired through community grants. This model was seen to be relevant to the WB's education sector programs, in the context of the crisis. According to a senior education specialist associated with the WB for over a decade starting in 1999:

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[5] Observers have called the revolution leaderless because of the fact that there was not one single political party or resistance group leading the way; rather, at the time, the mounting political pressure was the culmination of the work of numerous social resistance groups.

[6] The US and IMF bailout in Mexico sparked international criticism. It was believed that the bailout undermined any incentive for the recipient country to uphold macro discipline. Despite the US firmly stating that the Mexico bailout was a special case, and not a model for future crisis, critics were worried that other countries would expect the same International Monetary Fund bailout (Musacchio, 2012).

> Many of the traditional projects (that tend to give funding to the government to focus, e.g., on school construction), which were well under way, were reshaped to release something like six hundred million dollars, which could be then targeted to the massive scholarships and grants programs, which was basically targeted at providing the schools and the kids with enough resources to continue at school and for schools to continue to operate at their current levels (INTACT5).[7]

Moreover, according to the aforementioned WB education specialist, in addition to "great panic that kids would be dropping out of school because they couldn't afford to stay," a side-effect was that "traditional programs never re-entered the scene after (the crisis)" (INTACT5).

A notable lesson from the above is that the crisis provided the opportunity for the WB to adapt its community-driven development model—based on block grants—to the education sector, where it had not yet been introduced. This is exactly what happened. Starting in the late 1990s, block grant programs became a key characteristic of school governance projects—under the label of school-based management—funded by the WB and reforms implemented by the GOI.[8] It also stands out that the crisis provided an opportunity for the WB to extend its influence and its preferred governance models, as is often the case (Edwards, 2015; Klein, 2007).

Phase 3: Government Reaction—Increase Funding

With the surge in WB funding and involvement in the post-Asian Financial Crisis period, it could be challenging to navigate between the regulations stipulated through WB loans and those sent out by the MOEC. According to a veteran within the MOEC, one education project was cancelled due, in part, to issues with WB requirements. At the time of the 2003 *Education Act*, which meant the formal adoption of school-based management for the roughly 216,000 public and private schools in the country (Bengoteku & Heyward, 2007), he remembers asking the WB to make more room for flexibility in their conditionalities. Requests such as these produced tension. The aforementioned-MOEC veteran characterized the interaction in the following way: "[The WB] sometimes, you know, seem like, look down to us . . . Just like, 'you don't know anything . . . about the program.' Even at the time we are just arguing . . . and arguing. 'This is the Bank money, you should follow our regulation.' Yes, I know, that's the Bank money. But you know, this is a loan . . . I paid to the bank, you know" (NATACT3).

As the 2000s progressed, the financial position of the WB became less dominant, due to the 2002 amendment of the *Constitution*, which required all levels of government to allocate 20% of their budget to education (though this requirement would not be met until 2009; Suharti, 2013). Following this move, a specialist with over 15 years of experience in the WB and the Australian Agency for International Development noted this in 2003: "that's when we were getting the first indications that the government was maybe going to move away from borrowing for social sectors . . . They were much more aware of the necessity to borrow less and apply their own funds for education" (INTACT5). The increase in GOI funding—and its desire to depend less on the WB—thus came about as

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[7] Interviewee names have been replaced with pseudonyms, such as, INTACT5, in this case.

[8] See Edwards and Storen (2017) for more on the details of school-based management in Indonesia and the ways that it built on existing GOI programs related to scholarships for disadvantaged students and school construction programs.

a reaction to the heightened influence that the WB enjoyed in the years following the Asian Financial Crisis.

Phase 4: The Changing Role of the World Bank? The Importance of Non-Financial Influence.

In the mid-2000s, within and outside the realm of education, GOI sought to increase its independence. Outside education, in the area of governance generally, GOI made plans—or at least expressed an intention—to combine and then for itself to manage the urban and rural community-driven development programs discussed earlier in Phase 1. These programs were brought together under the label of the National Program for Community Empowerment (PNPM, for its acronym in Indonesian). The establishment of PNPM as the lead community-driven development program was also meant to indicate a shift toward increased government leadership and governmental implementation of such initiatives (World Bank, 2012b). As explained in a WB project document, it would work with the government and other development partners to design PNPM during 2007–2009 while simultaneously continuing to scale up existing urban and rural community-driven development programs before working together to “consolidate PNPM management” during 2010–2013, after which point it was anticipated that GOI and its development partners would use PNPM as a platform to launch other “anti-poverty” programs (World Bank, 2007a; World Bank 2012b).

In accordance with GOI’s vision of being more independent, it provided significant funding for PNPM. One report from 2012 mentions that, since 2008, GOI provided US$316 million for PNPM Urban (compared with US$442 million from the WB and US$242 from the Islamic Development Bank) and US$2.5 billion for PNPM Rural (compared with US$2.3 billion in loans from the WB) (World Bank, 2012a, p. 19–23). In all, then, during these four years alone, GOI contributed at least US$2.816 billion, about equivalent to the WB-provided funding of at least US$2.742 billion during the same period, with the implication being that the GOI was, at least financially, on a similar level as this institution during this time.

However, in the years after 2006, when plans for PNPM began, there was a clear divergence between intention and reality when it came to leadership more generally. Although various governmental ministries remained, formally, the implementing agencies for the rural and urban community-led development programs, the WB remained integral to program direction in numerous ways. That is, since the birth of the PNPM idea, the WB has been central to the planning, design and implementation of PNPM and the programs that make it up (World Bank, 2007a, p. 4). For example, WB teams from the urban and rural governance projects worked together to prepare operational manuals, project reporting documents, supervision teams, and results monitoring frameworks (World Bank, 2007a). WB loans regularly included funding so that the WB could assist with technical issues, could augment the capacity of the implementing agencies, and could hire and manage teams of consultants.

More generally, the WB oversees the PNPM Support Facility (PSF), which was set up in ~2010 and which is charged with providing effective leadership and management for PNPM programs. Multiple donors use the PSF as a channel to provide funds for specific programs within PNPM.[9] As the Asian Development Bank describes the PSF "as a multi-donor mechanism" that, "enables donors to provide targeted financial assistance to the government to support [the PNPM program] target areas, as well as high-quality, coordinated technical assistance, planning advice and dialogue" (ADB, 2012, p. 21). From the WB's perspective, the PSF is useful for "improving the quality of PNPM as well as . . . build[ing] Indonesian capacity for large-scale poverty reduction, with the aim of making the program a sustainable operation" (World Bank, 2012b, p. 4). Finally, the facility is used as a means by which development partners can experiment with innovative pilot projects, such as conditional cash transfers. Overall, then, rather than taking over PNPM or consolidating its leadership under the GOI, the design and implementation of PNPM has created additional and broader ways for the WB to institutionalize its own influence and to shape the evolution of Indonesia's community-driven development initiatives.

In the realm of education, the same phenomenon occurred. Starting in the mid-2000s, and in contrast with the 1990s, GOI provided half or more of the funding for new projects developed with the WB, including projects related to school-based management, which continued to make use of the block grant mechanism for providing funds to the local level (Edwards, 2014). However, when it came to technical assistance, there is clear evidence that the MOEC has continued to rely on the WB. This is most clear from the experience of an ironically-named "Basic Education Capacity Project." Begun in 2007, the project was entirely financed by GOI but focused on funding policy-dialogue, research studies, the piloting of innovative programs, the modification of existing program manuals, and building district-level decentralization capacity (see Edwards & Storen, 2017, for more detail). Thus, despite increased funding from GOI, the WB's engagement remained central and very influential within and beyond the education sector in Indonesia. As is discussed further in the next section, the WB's knowledge products and non-financial support have long been key pathways for the influence of this institution.

IMPLICATIONS AND CONCLUSION

The focus of this article has not been on the implementation of either community-driven development or school-based management. Rather, engagement between GOI and the WB around these reforms has provided a window through which to analyse the influence of the latter vis-à-vis the former. To that end, the central point of this short article is that, in spite of increased levels of funding from the GOI in the 2000s for its governance reforms within and outside the realm of education, the WB remained a very influential actor. That is, while the WB's influence changed, it still remained very impactful, albeit in a different way. As explained, the WB's non-financial forms of engagement—which had for decades been a key aspect of their portfolio of services—took on a leading role in development support in Indonesia once the government decided that it wanted to reduce its dependence on WB loans.

Although the GOI has continued to rely on the WB in various, non-financial ways, we should be careful not to underappreciate the fact of GOI's increased financial

[9] Major contributors to PSF are the Government of Australia, US Agency for International Development, the UK Department for International Development, the Danish International Development Agency, and the Canadian International Development Agency, the Netherlands, and the European Union, in addition to the WB (ADB, 2012).

commitments. Indeed, many countries do not have the capacity to decide that they will reduce their dependence on the WB by providing at least 50%t of the funds needed for new development projects. Indonesia was able to do this because of the size of its economy—ranked 16th in the world in 2016 by the IMF (2017)—together with moves to cancel the GOI's domestic fuel subsidies (which freed up US$10 billion), the steady growth of the economy, and declining debt service payments (with these latter two items producing an additional US$5 billion in revenues) (World Bank, 2007b). The case of Indonesia is thus instructive in that it reveals what happens even when a country is in a relatively advantaged economic position.

Thinking broadly, we should not be surprised by the WB's non-financial influence. Not only have scholars long noted the influence of "rational" international organizations (Berman, 1992)—thanks to the widely-held perception that they are credible and valuable sources of expertise (Barnett & Finnemore, 2005)—but scholars have also detailed the forms that such influence can take (Samoff, 2009). Samoff (2009), for example, explains how, outside of financial infusions, the WB can also exert influence through the following pathways: technical assistance (i.e., advice and recommendations), research, general publications, certification (wherein the WB, e.g., provides accolades to a program or projects or otherwise indicates that a reform is viewed positively), management of the aid relationship (by taking care of various administrative functions related to its loans), coordination of foreign aid (e.g., overseeing the provision and use of other agencies' funds), and international events, among others. Indeed, each of these pathways of influence were relevant to the experience of Indonesia, many of which are described in the section above on phase four (for more detailed description, see Edwards & Storen, 2017).

Highlighting the presence of the above-mentioned forms of influence in the case of Indonesia raises a more vexing question. That is, while financial influence is a fairly unambiguous form of influence, and is one that is easy to identify in practice, what is to be done about the intellectual and strategic forms of influence from which the WB benefits. It is true that, in the case of Indonesia, the GOI was concerned exclusively with financial influence. And while we have an answer to what happens when, at least in reference to the current case, a government decides that it wants to reduce reliance on financial infusions from the WB, we are now left to reflect on the form of influence that emerges in its place (or, rather, that is further revealed by the diminished role of financial influence). Put differently, the question becomes: How can interested governments reduce or eliminate their dependence on the WB (or, indeed, similar organizations) when it comes to knowledge dissemination, research and evaluation, policy dialogue, and aid coordination?

The above question is more salient than ever, as the WB itself, since the late 1990s, has emphasized its ability to provide "knowledge for development" (Samoff & Stromquist, 2001) and has continued to move in the direction of underscoring its competitive advantage around policy knowledge and reform expertise (Klees & Edwards, 2014; Mundy & Verger, 2015). Moreover, and just as importantly, it is not simply a matter of the WB projecting its capacity as a knowledge broker; rather, research has shown that the WB's technical and strategic abilities continue to be useful for and continue to be perceived positively (even enviously) by peer organizations (Edwards, Okitsu, da Costa, & Kitamura, forthcoming), bilateral aid agencies (Verger, Edwards, & Kosar-Altinyelken, 2014), and national governments (Edwards & Loucel, 2016; Shajahan, 2016). Thus, while there are no easy answers, both recent scholarship and the present case of Indonesia speak to the need to further consider how interested governments can escape not only the specific policy advice provided by the WB but also the broader development paradigm represented by this institution. Put differently, what needs to be addressed is not only the effects of WB projects and policies, which often tend to exacerbate inequity (based as they are in market mechanisms) but also the inequitable distribution of power and influence that tends to characterize the relationship between the WB and borrowing governments.[10]

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[10] Note that this article and the conclusions is offers are focused on the engagement of the WB with the GOI around policy-making at the national level. Given space constraints, the paper has focused on general dynamics and the ways that the non-financial forms of the WB's assistance that have become more central over time, as GOI has increased financing. For additional nuance regarding the WB-GOI relationship and for additional discussion of how GOI political interests align in self-serving ways with those of the WB, see Edwards and Storen (2017). Also see Edwards and Storen (2017) for more on the difficulties that have been experienced at the subnational level around the implementation of the reforms of focus in the present article.

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