

January 11, 1984

ASIA REGIONAL COMMITTEE ON COMMUNITY MANAGEMENT  
of the  
Agency for International Development  
Report to the Mission Directors' Conference, January 19, 1984  
Bangkok, Thailand

Prepared by David C. Korten, Committee Secretary

Background: Based on a suggestion at the Mission Directors' Conference in New Delhi, January 1983, a cable was sent by the Asia Bureau DAA to all Missions on May 3, 1983 inviting participation in an Asia Regional Committee on Community Management. Acceptances were received from the USAID Missions in Dhaka, Jakarta, Manila, and New Delhi. On July 5, 1983 a cable from the DAA announced formation of the committee.

Purpose: To understand better, and then to improve, AID performance in working with government agencies and private groups to establish locally-based, non-governmental systems and institutions for participating in the management of natural resources (water, land, trees) and the supportive human services that effective resource management requires (e.g., health, education).

Definitions: Community management is a concept of development resource management which looks to community based management systems as the basic building blocks of development action.[1] These are systems through which individuals, households, small firms, and various types of private and public local organizations (including local governments) make resource management decisions at the local level, supported and encouraged by, but yet substantially independent of, the bureaucratic structures of central government. In such systems individual decision making, market mechanisms, informal social processes, and formal local level organizations may all be important in one way or another.

A community management project is one which seeks sustainable improvements in the capacity of a community to manage locally available resources to meet locally defined needs. The focus of Committee attention is on AID funded projects of this type.

The term "community management" is a useful shorthand for summarizing much of the current AID/Washington policy guidance relating to institutional development and the support of local private initiative in pursuit of broadly based development. Community management projects are an experimental instrument for implementing this guidance.

Mode of Operation: The Committee is a field based effort to advance AID's learning from its own experience. Each participating Mission has identified two community management projects for examination by the Committee. Special attention is given by Mission staff to

---

1. The term "community" has a variety of definitions, not all of which imply cohesiveness or common interests. As used here the term is defined as an interacting population of individuals and groups with both shared and competing interests living in a common location.

the documentation and analysis of experience with these projects, which is then shared with other Committee Members. This is expected to give each participant added perspective which will result in a deepening of his or her own analysis, and to support comparative analyses leading to identification of common issues and lessons of more general relevance. The latter are intended to serve as inputs to AID's internal policy dialogue, and to AID staff development. The Committee Secretary is responsible for facilitating this exchange and for periodically synthesizing and disseminating the various inputs.

Committee Membership: Current Committee members are Eugene Staples (Chairman), David Korten (Secretary), Mark Svendsen (Asia Bureau Contact Person), George Carner (Asia), Douglas Clark (Manila), John Ericksson (S&T), Gary Hansen (S&T), Michael Morfit (Jakarta), Susan Pharr (Asia), Hugh "Sherry" Plunkett (Dhaka), and John Westley (New Delhi).

Projects Under Review: The following is a list of the Projects selected by participating Missions for Committee review, with annotated summaries of the case studies prepared to date by Mission staff and consultants:

USAID/DHAKA:

1. Rural Electrification II (Implementation Stage)

This project is constructing electric distribution systems in selected rural areas and developing the institutions to own and operate them. Project implementation is by the Rural Electrification Board, an independent agency under the Ministry of Power, Water Resources and Flood Control.

Case Observations and Issues. [This case study had not been received from the Mission by the time the present report was finalized.]

2. PL-480 Title II Food for Work Program II (Implementation Stage)

This project supports CARE in providing technical assistance to the Bangladesh Government in the design, implementation and monitoring of individual food for work projects. Project goals are to provide direct employment and nutritional and income supplements for landless and near landless rural unemployed; and to improve productive capacity in rural areas of Bangladesh through the construction of rural infrastructure.

Case Observations and Issues. [This case study had not been received from the Mission by the time the present report was finalized.]

USAID/JAKARTA:

1. High Performance Sederhana Irrigation Systems (HPSIS) Pilot Project (Approx. 18 months into implementation.) Case author: Michael Morfit.

HPSIS is an experimental pilot project carried out within a larger irrigation assistance project. It funds the training and fielding of community organizers to strengthen farmer participation in construction, operation, and maintenance of small scale irrigation systems. An analysis of an ongoing AID program of

assistance for small scale irrigation development which was begun in 1974, and has since funded work on approximately 900 systems, found that the centralized management approaches being used by the implementing agency gave the farmers who would eventually operate and maintain the systems no say in their design and construction. As a result the farmers were often either unable or unwilling to assume their responsibility after completion of construction activities. This pilot activity was initiated to determine whether the problems could be corrected through the fielding of institutional organizers. In seven HPSIS sites construction was completed prior to fielding organizers and the concern is exclusively with improving management of existing facilities. In thirteen sites organizers were fielded prior to survey, design, and construction of on-farm works with the intent that the farmer association would play an active role in each stage. Implementing agencies are the Government of Indonesia Departments of Public Works, Agriculture, and Home Affairs, with technical assistance in the selection, training, and monitoring of community organizers provided by the Institute for Economic and Social Research, Education and Information (LP3ES), a private Indonesian institute.

Case Observations and Issues. In general the institutional organizers have been successful in establishing a formal basis for the water user's associations and in development of maintenance and water management plans which are being implemented in some sectors of some systems. But allocational conflicts tend to become more severe as the area increases, with the result that as yet no irrigation system has been identified in which a water management plan has been successfully implemented by the farmers for the entire system. In instances where the main systems operated by the government were unable to deliver water reliably to the on-farm works or where a natural disaster seriously damaged crops, organizers have been unable to establish strong, functioning associations. Farmers cannot be organized to manage a resource which is not available to them, or which does not meet an immediate need. Morfit observes that in the case of HPSIS no attention was given to defining what participation in the design and construction stages would mean. Impetus for the experiment had come from AID and the implementing agency agreed only to vaguely worded statements about the nature and extent of farmer participation. The large number of sites involved in the pilot precluded AID personnel from devoting the necessary time to working with operational personnel to develop workable definitions and means of implementing them. As a consequence too much has been expected of the institutional organizers with too little support and too little attention to implications for other staff and policies of the irrigation agency. For example, development of water management plans under HPSIS has depended almost entirely on existing farmer knowledge and skills. The organizers are not trained in water management techniques and no other sources of assistance have been available to the farmers under the project.

With time it has become recognized that a substantial number of the problems being encountered cannot be resolved at the level of the organizer, no matter how good the organizer may be. Uniform national policies can pose a problem in dealing with local variability. Uniform user fees assume equal benefits, though water is seldom available on an equal basis throughout a system. Another reality is that communities are not homogeneous. The fact that people happen to be living within an area which a group of engineers decided should be joined in a single irrigation system does not mean they will be willing or able to work effectively together in managing that system.

Of particular concern from the community management perspective is the fact that in many of the HPSIS sites an indigenous water users association was already functioning before the government provided assistance. Generally the government built system has superseded the indigenous system, resulting in a disruption of the traditional association and its replacement by a government sponsored association. Also, whereas, the traditional association was normally responsible for operation and maintenance of the entire system, once replaced by a government constructed system the government assumes ownership of and responsibility for operating and maintaining all but farm level works. And, since the new associations are creations of government there has been a tendency to view them as extensions of the government's extension system responsible for imposing government mandated cropping plans.

In general the critical actions with respect to disruption of the traditional associations were taken in the HPSIS systems prior to initiation of the HPSIS pilot. As a result there has been no opportunity to assess the comparative effectiveness of traditional associations or to experiment with approaches which might build on them.

## 2. Small Scale Entrepreneurship PVO Project (Implementation Stage)

This is a PVO Project being implemented by the Institute of Social and Economic Research, Information and Education (LP3ES) to provide supporting services to small scale manufacturers in a rural area (Klaten, Central Java) and an urban area (Jakarta). [Documentation on this project will not be available in time for the Mission Director's Conference.]

## USAID/MANILA

### 1. Local Resource Management Project (LRM) (Project Agreement signed August 1982) Case author: Douglas Clark

This project seeks to develop replicable systems at local levels which strengthen the ability of selected poverty groups to increase their productive use of local resources and to assume a larger and more effective role in self reliant development action. Recognizing that decentralization alone is no guarantee of more responsive local government LRM aims to reorient provincial level development toward promoting and supporting the efforts of local people to help themselves. The Project supports: 1) development of provincial development strategies based on analysis of the household survival strategies of selected poverty groups, and the design and implementation of sub-project activities derived from the strategy; 2) improvement of local financial administration; and 3) involvement of PVO's to assist in developing mechanisms for strengthened beneficiary participation in development decision-making. The project design called for phased implementation, beginning with three Provinces initially and adding three additional Provinces in the second year. The National Economic Development Authority and designated provincial and municipal governments are the implementing agencies, with technical support provided by the Development Academy of the Philippines, the Local Government Center of the University of the Philippines, the International Institute for Rural Reconstruction, and Philippine

Business for Social Progress. No long term expatriate technical assistance is involved.

Case Observations and Issues. Implementation to date has been concentrated on obtaining Philippine budget appropriations and completing contract and grant agreements with the Philippine resource institutions. The contracting process was substantially lengthened as a result of cumbersome AID competitive bidding requirements. According to Clark a less competitive or non-competitive process probably would not have resulted in any difference in the actual outcome, but would have facilitated more rapid implementation. Three initial Provinces selected in October 1982 have completed initial poverty analyses and prepared preliminary provincial strategies. Initial sub-project proposals are being prepared. There is no experience to date with the local financial administration or beneficiary participation tracks of the project. The first expansion has just been initiated with selection of four additional Provinces.

LRM calls for development and application of approaches and methodologies which represent a substantial departure from conventional practice. Recognizing the implications of this the Mission chose a highly participatory approach to Project design, involving intensive input from prospective implementing agencies and resource institutions with the intent of building a shared understanding of and commitment to the LRM Project concepts. This required very intensive commitments of USAID staff time--which the case suggests is an essential requirement in undertaking a Project which calls for introduction of new concepts such as community management. Even with this intensive involvement in the design, continuing attention to orientation has been found essential. Continuity in the involvement of individuals and institutions throughout project design and implementation is noted as very important.

It is anticipated that as Project implementation proceeds conflicts will be identified between the rigidities of existing budgeting procedures and financial controls, and the requirements of responsive local programming. Mission staff expect to be involved along with their counterparts in identifying and encouraging national level action on measures to address these conflicts, suggesting need for continuing high levels of staff input if Project objectives are to be achieved.

2. Primary Health Care Financing Project (Project Agreement signed July 1983) Case author: Joy Riggs-Perla

This Project has several components, only one of which involves a clear community management focus. Committee review will be limited to this component, which will: 1) fund proposals from private groups for experimental community based self-financing health care schemes; 2) support documentation and experience exchange on these and other experimental schemes involving self-financing health care; and 3) provide technical and financial assistance to community based groups which are seeking to develop such schemes. The Project will not fund health services as such--since the point is that these should be self-financing. Rather it will cover costs associated with developing community financing as a new "technology." It is intended to develop a knowledge base regarding what works under what circumstances, and a cadre of local technical assistance resources available to assist groups seeking to establish such schemes. The implementing

agency is the Philippine Council for Health Research and Development (PCHRD), a branch of the National Science and Technology Authority of the Government of the Philippines. Technical assistance will be sought from a variety of Philippine institutions as required. No long term expatriate technical assistance is planned.

Case Observations and Issues. A basic premise of the Project is that availability of adequate health care throughout the Philippines will depend ultimate on greater reliance on self-financing schemes--not only because the government has insufficient resources to meet all requirements, but also because responsiveness and quality are likely to depend on maintaining some accountability of health providers to health service users. It was also prompted by recognition that though most government health programs assume a requirement for substantial if not total subsidies, in fact most health care, even among the very poor, is self-financed. Indeed it is common for prospective patients to by-pass free government services in favor of private care. Thus a decision was made to seek ways of strengthening rather than competing with self-financing approaches.

It was decided to rely almost exclusively on local sources of technical assistance since a central purpose of the Project is to develop these sources as a continuing resource to groups seeking to develop their own self-financing health schemes. The developmental strategy features a learning by doing approach.

It is recognized that the demands placed on PCHRD will be substantial and will exceed capacities currently in place. Development of the additional capacities to support this type of effort will take time, and is expected to require substantial backstopping from Mission staff. According to Riggs-Perla the Mission's conclusion is that in high risk and innovative projects proper project monitoring and oversight are as important as the initial design.

A conscious choice was made to support a variety of smaller private schemes rather than a large national scheme. This decision was prompted by an USAID funded research study on health seeking behavior and expenditures, which indicated important differences by locality in spending behavior and cash liquidity at different times of the year--as well as in proximity to alternative services. It was concluded that effective schemes would need to be responsive to these local differences. A Project assumption is that local decision making will not only increase the likelihood of such responsiveness, it will also increase local commitment.

#### USAID/NEW DELHI

##### 1. Hill Areas Land and Water Management Project (PP Preparation Stage)

The project will support sub-projects carried out under the Himachal Pradesh State's land and water development program for the purpose of improving the ability of institutions responsible for irrigation and watershed management in hill areas to assist private irrigator groups in the planning, design, construction, management, operation and maintenance of efficient and economical irrigation systems in ways which strengthen the ability of these associations to manage their own irrigation affairs. Technical assistance is to be provided by one or more Indian resource institutions and the Water Management Synthesis Project. An

important feature of the design was the commissioning of a major institutional analysis which examined practices and capacities of agencies engaged in irrigation development in relation to the project's community management objectives.

Case Observations and Issues: The case study focuses on the institutional analysis and its use as a design tool. Specifically the analysis found that the three existing state agencies engaged in irrigation development were focused primarily on construction and the completed systems were not producing the planned increases in irrigated area, in farm production, or in farm incomes--shortfalls being attributable to a combination of technical and institutional factors. While all three agencies were engaged in providing assistance to owner operated and maintained systems, they gave little attention to development of designs responsive to local needs, to operation and maintenance, or to mobilization of local resources--though there were some notable differences between individual agencies. The agency with the major role in irrigation development in the state and the one tentatively identified as the implementing agency in the Project PID provided assistance to a community association only on the condition that the association pass a resolution agreeing to turn over all responsibility for operation and maintenance to the agency. The analysis found that none of the three agencies had either the mandate or the staff capacity to assist communities in improving irrigation management. The case concludes that engaging any one of them in community management approaches to irrigation development would require basic reorientation and retooling. A variety of institutions with relevant commitments and technical capabilities were identified which might be useful resources in a coalition committed to achieving such changes. According to the case, the institutional analysis led to substantial changes in the definition of project purpose and strategy from that of the original PID--moving it from a more conventional irrigation construction project to one with a strong institutional development--community management focus.

## 2. Madhya Pradesh Social Forestry Project (Project Agreement Signed September 1981)

The project purpose is to create a Social Forestry Directorate (SFD) within the state government's Department of Forestry. The responsibility of this unit is to establish village tree plantations and provide training and extension assistance to gram panchayats (locally elected bodies representing 2-5 villages) responsible for managing the plantations for the benefit of village residents. The basis of the relationship is a management plan developed with the assistance of the extension staff. This becomes the basis of a legal agreement between the extension staff and the panchayat spelling out mutually agreed rights and responsibilities of each party, as well as technical and administrative details for establishing, maintaining, and expanding the village plantation.

Case Observations and Issues: Preoccupation with creating a new bureaucratic entity resulted in neglect of community management issues which a mid-term evaluation identified as critical to project success. According to the evaluation, panchayats have welcomed the Project, but their involvement in development and implementation of the management plans has been limited. Very few have worked out how the produce of the plantations will be shared by village members. The SFD has concentrated on establishing and maintaining the plantations in a top down fashion, with little attention to developing panchayat capacity to manage them. SFD staff

were found to be assuming the roles of traditional foresters. Forestry department personnel had no prior experience with the community management oriented roles called for by the project. The case identifies as a basic problem the assignment of roles and responsibilities in legal documents on the assumption that participation would follow automatically--without attention to developing requisite capabilities to perform them. In this instance neither the SFD nor the village panchayats had the capacities implicitly assumed in the project design. The case calls for greater involvement of local resource institutions with village level experience in project design and implementation. The Mission is making a serious effort to address issues raised in the evaluation. An important constraint identified by the Mission is lack of the staff time required to address issues of this complexity.

### Summary of Key Issues and Propositions

Seeking sustainable improvements in the capacity of a community to manage locally available resources to meet locally defined needs is proving to be a considerably more complex undertaking than simply seeking community participation in the implementation of a government project. In the cases examined, such efforts have been undertaken only after analysis has established beyond reasonable doubt that certain development needs are likely to be met only through a community management approach. The cases highlight the complexities of this undertaking and the special demands that such projects place on AID staff and programming procedures.

The analyses leading to the choice of a community management approach commonly found that conventionally programmed development actions were not contributing to increases in community management capacities and in some instances might be reducing that capacity. The irrigation cases from India and Indonesia both note that once a community owned and managed irrigation system has received government assistance responsibility and authority for main system operation and maintenance passes from the community to the government. The USAID/Manila commitment to strengthening self-financing health care schemes was a reaction against centrally subsidized public health programs which in some instances were competing with more effective and popular private self-financing systems.

Though substantial caution must be exercised in generalizing from a small sample of cases, and recognizing that these initial case reports are still preliminary and partial, the data they present provide support for four basic propositions elaborated below.

1. Special Institutional Capacities. The cases suggest that tendencies of conventional development programs to reduce community management capacities are not easily reversed. They are deeply imbedded in existing values and operating routines of the agencies responsible for implementation of development policies and programs. The case of the social forestry project in India, for example, indicates that formal agreements between the implementing agency and AID, and/or between the agency and the community being assisted do not necessarily result in actions supportive of community initiative and local self-reliance. Nor does the creation of a new organizational unit with a community management mandate. The Indonesian irrigation case demonstrates that even the fielding of community organizers may be

only a partial answer, particularly if their efforts are unrelated to other routines of the implementing agency and are inadequately supported,

Proposition I: If the agency implementing an AID Development Assistance Project has not demonstrated a capacity to support a community management approach prior to receiving AID assistance, it is unlikely to demonstrate such capacity during project implementation unless development of that capacity receives serious attention as a central focus of the project activity.

Though the case analyses offer promising suggestions for addressing the problem and offer hope that important progress is being made, none provides demonstration that AID itself yet has a proven capacity to assist a recipient agency in developing such capacity.

2. Community Level Analysis and Monitoring. A focal concern in community management projects is the development and application of community level management capacities. The case analyses suggest that this is likely to require a substantial investment in understanding of the dynamics of existing community management systems and how they are being affected by external assistance interventions—both prior to and during project implementation. According to the case on USAID/New Delhi's Hill Areas Land and Water Management Project analyses underlying PID preparation using conventional project design methods did not address these dynamics and consequently failed to surface a number of critical design issues. These were brought to light in a subsequent institutional analysis on which PP preparation is being based. The case writer argues that such an analysis should be undertaken routinely as the point of departure in the design of a community management project. In this instance the analysis involved a serious look at the current status of community management of irrigation in typical communities, the impact on this capacity of approaches being used by various agencies currently working on irrigation development, and the capacities of each agency to apply a community management approach. This brought into focus a number of critical design issues, in particular trade-offs between: working with agencies which had relatively less significant involvements in irrigation development, but had policies and capacities somewhat more consistent with the requirements of a community management approach; versus working with the agency with the more dominant role in irrigation development, but which had policies and institutional capacities which were particularly poorly suited to this approach. USAID/Jakarta's HPSIS Irrigation Project case supports and extends the argument. Focusing on what happens at the point at which the Project comes into contact with intended beneficiary groups, the case stresses the importance of understanding the dynamics of community management processes and how implementing agency practices are impacting on them prior to Project design and throughout implementation. The design itself should be based on such analysis and project monitoring processes should support the continued testing and revision of Project design assumptions regarding the impact on these processes of innovations introduced under the project. This point is also supported by evaluation findings reported in the case on USAID/New Delhi's Madhya Pradesh Social Forestry Project.

Proposition II: Success in developing the capacities of an AID recipient agency to utilize a community management approach is a direct function of the extent to which project design and monitoring procedures: 1) focus attention on understanding relevant community management processes and the impact on these of external assistance interventions; and 2) support the development and continuing refinement of specific methodologies for providing assistance at the community level in ways supportive of project purposes.

While AID project design procedures require completion of social and administrative feasibility studies, these are commonly used mainly to certify the feasibility of a chosen design, rather than as a basis for defining the nature of the problem and the approach to be taken by the Project in addressing it. Nor is it customary for the recipient agency to have an active role in developing these analyses. Similarly, current perspectives on project monitoring seldom address the need of recipient agencies to monitor the impact of their interventions on the dynamics of community management processes. The case analyses suggest need for further experimentation with new approaches in both areas.

3. Local Resource Institutions. A striking feature of the cases examined is the very limited use of expatriate technical assistance in favor of local resource institutions. The two Philippine cases are explicit that the Project strategies examined called for near exclusive reliance on local technical resources, with the development of these resources through project involvement being an important project objective. One rationale given is that these institutions will still be available after project termination to render services supporting extended application of concepts and methodologies developed under the Project. The Indonesian HPSIS utilizes a private Indonesian development foundation to train and backstop the institutional organizers. The Indian irrigation case indicates the Project intends to obtain services from a number of Indian institutions, in addition to the Water Management Synthesis Project. The case mentions the important potential role of such local institutions, as members of a change coalition committed to achieving a reorientation of the irrigation bureaucracy. Whether the substantial reliance on local resource institutions in the Projects analyzed simply reflects a sampling bias, is part of a broader trend in AID, or reflects a response to the particular characteristic of community management projects cannot be determined from the data base of this study. A predominant reliance on local resource institutions may be particularly appropriate for community management projects, since unlike more conventional development projects they do not assume the needs in question will be satisfied by transfer of standardized off-the-shelf technologies. They emphasize learning from local experience and assume that technical resource persons will be learning along with the operating agency personnel. To the extent that this learning is acquired locally it will continue to be accessible in the future. Also there is significant need for levels of knowledge of local settings, institutions, and political processes not commonly possessed by foreign contractors.

Proposition III: The technical requirements of community management projects in most instances are met more effectively through use of local resource institutions than through traditional external technical assistance sources.

Increased utilization of local resource institutions is not easily achieved. Those of established competence are likely already to be over committed and may be unfamiliar with AID competitive bidding and contracting procedures. The roles they may be asked to assume in support of community management projects may be unfamiliar to them, requiring investment of staff time in providing them with the necessary orientation.

4. AID Staff Requirements. One of the most consistent recurring themes in these cases is that community management projects are by nature extremely staff intensive at all stages of design and implementation. In most instances the outcomes sought involve breaking new policy and methodological ground, and the development of institutional capacities within the implementing development agencies for which there are few prototypes. Though not addressed explicitly in the cases, the case analyses reflect an explicit assumption that important functions are involved which cannot be simply contracted out. Possible reasons include the fact that the outcomes sought do not involve the simple purchase of "shelf-items" of known specification, cost and performance characteristics. The task goes beyond simple management of technology transfer to the management of the political interests being sought through the AID policy agenda. Complex issues are involved which require sensitive and continuing dialogue with counterparts. A recent analysis by Paul O'Farrell of PPC on "Project Implementation" concluded that AID's interest in this process can only be represented by AID staff--management of those interests is not a contractable activity.[2]

Proposition IV: The degree to which community management projects achieve their goals in settings where established capacities to implement them are not already in place is a direct function of the amount and professional quality of the time devoted by USAID staff to participating as professional collaborators and facilitators in policy dialogue and institutional development processes at all stages of project design and implementation.

This suggests a need for further examination of AID's commitment to doing more with less. Does it mean achieving greater development returns at less financial cost? If so, then a community management focus seems, at least in the long term, a promising means of achieving it. If, however, as commonly assumed, it means moving more money with less staff then community management would seem to be a poor vehicle. On the otherhand the absolute number of staff may be less at issue than questions of professional caliber and utilization. A smaller number of high quality staff professionally engaged in working with counterparts on policy dialogue and institutional development concerns might be more effective in implementing community management approaches than would a larger staff pre-occupied with managing AID paperwork. Thus achieving the desired results with a smaller staff would imply fundamental changes in AID procedures, organization, and personnel policies.

---

2. Copies are available from Jerome French, S&T/RD.

The propositions articulated above should be treated as tentative and will be subjected to testing and refinement as the work of the Committee continues. Additional propositions may be added with time.

The case analyses carried out under Committee auspices to date do suggest that community management projects have a number of requirements which place relatively unique demands on AID, and imply a need to develop new capacities within AID itself. The Missions collaborating in the Community Management Committee, though their innovative efforts and their willingness to share candidly the lessons of both their failures and their successes, are making important contributions toward development of this capacity.

DRAFT

19 December, 1983

COMMUNITY MANAGEMENT OF SMALL SCALE IRRIGATION:  
THE CASE OF THE HIGH PERFORMANCE SEDERHANA IRRIGATION SYSTEM  
PILOT PROJECT IN INDONESIA

A Report TO the Asia Regional Committee  
On Community Management

Michael Morfit

USAID  
Jakarta, Indonesia  
December, 1983

## TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| I. Introduction   | 1           |
| II. Project Purpose   | 3           |
| Statement of Hypothesis Underlying Project  | 3           |
| Statement of Project Strategy   | 4           |
| III. Summary of Key Design Features   | 4           |
| Irrigation Development in Indonesia: Key Actors and Their<br>Roles in Government Programs | 4           |
| Design Features Specific to HPSIS   | 6           |
| Implication of Different Institutional Roles  | 7           |
| IV. Achievement Thus Far  | 8           |
| V. Lessons and Insights   | 10          |
| Conditions and Limitations of Community Management  | 10          |
| Community Management and Conflict Resolution  | 17          |
| Institutional Roles   | 22          |
| VI. Conclusion  | 26          |

COMMUNITY MANAGEMENT OF SMALL SCALE IRRIGATION:  
THE CASE OF THE HIGH PERFORMANCE SEDERHANA IRRIGATION SYSTEMS  
PILOT PROJECT IN INDONESIA

Michael Morfit

I. INTRODUCTION.

The following case study of the progress achieved and lessons learned thus far in the implementation of the High Performance Sederhana Irrigation System Pilot Project (HPSIS) is in part based upon an earlier analysis of the implementation of the AID-assisted Sederhana Irrigation Project which began in 1974. That earlier analysis ("The System and Procedures of Proyek Irrigasi Sederhana") suggested that the implementation of the Sederhan program has been highly centralized and directive, with community involvement considered only at the final stages of system development. Upon completion of a small-scale system, local water users associations (in Indonesian these are abbreviated as P3A) were expected to assume responsibility for the maintenance and operation of the completed systems. That is, the community ultimately responsible for managing the systems designed and constructed under the Sederhana program became directly involved in project implementation only at the very end of project activities. There was a separation between those who controlled project funds and carried out project activities, and those who had to live with the consequences of those decisions.

Field visits to completed sites within Indonesia indicated that in many cases farmers were unable or unwilling to assume this responsibility, and the P3A were often not functional. This insight, combined with the experience of programs with a more participatory approach in Sri Lanka and the Philippines, as well as some limited knowledge about indigenous communal systems within Indonesia, suggested that a different approach might result in better design and construction of irrigation systems, and better operation and maintenance of systems once they were completed. This perception was the beginning of the HPSIS experiment.

This experiment, which focuses upon the work of Community Organizers (COs) placed in the field to work with farmers and strengthen the P3A, has been underway for approximately 18 months. In many ways the validity of this approach is only now being tested as the COs assist the P3A with the formulation and implementation of practical water management plans and maintenance activities. The sustainability of this approach, and its ultimate impact in terms of changes in water distribution, rice production, farm incomes, and accelerated development cannot yet be seen. For this reason, this paper is only an interim report, attempting to indicate what insights have been gained thus far without arriving at any final conclusions about community management in small-scale irrigation in Indonesia.

The HPSIS experiment involves twenty irrigation sites in eight provinces. Only six sites, those in West Java and Lombok, are located in the densely populated inner island areas of Java, Madura, Bali and Lombok. All other sites are located in outer island provinces, where land is relatively abundant and labor relatively scarce. In these outer island locations, the cultivation of wet rice can be quite recent in areas which have had little or no irrigation facilities previously.

In each province, sites can be divided into two major categories. "System management" sites are those where the construction of the physical facilities, both major works and on-farm works, have been completed. The objective of the HPSIS experiment in these sites is to improve the management of existing facilities. These sites are important because over 1300 Sederhana systems have already been completed in Indonesia (approximately 900 of them with AID assistance). If the approach being tested here is valid, it offers a possible way of improving the performance of a large number of existing systems. There are seven system management sites under the current HPSIS experiment. All these sites are the primary responsibility of the Department of Agriculture, in accordance with general government policies (described in greater detail below) concerning the allocation of responsibilities for irrigation.

"System development and management" sites are those areas where the physical system is still incomplete and the on-farm works remain to be surveyed, designed, and constructed. Seven of the sites are under the responsibility of the Department of Agriculture, because until 1978 that agency had sole responsibility for the construction and management of on-farm irrigation facilities. An additional six "system development and management" sites are the primary responsibility of the Department of Public Works which currently has the mandate for the construction of all irrigation facilities and the maintenance of major works.

"Sederhana" in Indonesian means simple, uncomplicated, or basic. In all cases the Sederhana sites are relatively small, with about 500 ha. being the average size. All are simple systems in the sense that they have been designed to be relatively inexpensive, quickly built, and to involve a minimum of technical water measurement and management devices. In all areas, the construction of a Sederhana system was intended to boost the nation's levels of rice production, and therefore the orientation of the program is towards the fulfillment of the government's policies on extensification and intensification of rice production throughout most areas of the archipelago.

## II. PROJECT PURPOSE.

Statement of hypothesis underlying project.

The fundamental hypothesis which underlies this experimental effort is that if there is increased direct and active participation of project beneficiaries (farmers) in all stages of project implementation, and increased responsibility for an management of completed projects, then this will result in:

1. better survey and design work, sensitive to local needs and conditions;
2. better construction;
3. better water management, including both more efficient use of water and more equitable distribution within the system;
4. better maintenance of systems.

Taken together, all these will result in better cropping patterns, increased yields and increased rural incomes.

Statement of project strategy.

The P3A has been chosen as the appropriate institution to achieve increased farmer participation during project implementation, and increased responsibility for and management of the system once construction work is completed. Strengthening the P3A, therefore, is central to the achievement of the objectives of the pilot project. In order to achieve this, the project strategy involves placing Community Organizers (COs) in each site to work with the P3A and assist with its development. The objective is to establish an institution capable of representing the farmers in dealing with government agencies and resolving problems and issues within the system as they relate to water management and the maintenance of the on-farm works.

The strengthened capacities of the P3A must be matched by responsiveness on the part of those involved in system survey, design and construction to respond to the P3A's needs. This necessarily involves changes in traditional procedures and the practices of both government officials and private contractors. Following construction, those government agencies which continue to have some responsibility for aspects of system management and maintenance should continue to be willing to work with an active P3A and be responsive to its needs in managing and maintaining the irrigation system.

### III. SUMMARY OF KEY DESIGN FEATURES

Irrigation Development in Indonesia: Key Actors and their Roles in Government Programs.

PU (Departemen Pekerjaan Umum, or Department of Public Works) is the government ministry responsible for overseeing survey, design and construction of both major works and on-farm irrigation works. It is

also responsible for the maintenance of major works. PU has provincial and area ("seksi") offices staffed for the most part by irrigation engineers. It also relies heavily on "honorary" (i.e. not permanent civil servants) staff which work at the system level and have responsibility for operating the main works.

Pertanian (Departemen Pertanian or Department of Agriculture) has responsibility for the formation of P3A, training the P3A leadership, and general oversight functions to help ensure that the P3A functions. It is also responsible for food crop production which includes encouraging the use of high-yielding varieties of rice, modern agricultural inputs, and efficient use of available water. The network of field extension workers (PPLs) is an important mechanism for fulfilling these latter responsibilities.

Dalam Negeri (Departemen Dalam Negeri, or Department of Home Affairs) is responsible for local government activities, including the village council (LKMD) which is formally charged with overseeing and coordinating all development projects within the village. As will be discussed in greater detail below, one of the issues raised by this experiment is the relationship between the LKMD, which has a mandate defined by the geographical boundaries of the village and which is the responsibility of one ministry, and the P3A, which has a mandate defined by the boundaries of the irrigation system and which is the responsibility of another ministry.

P3A (Persatuan Petani Pemakai Air, or Water Users' Association) is responsible for the operation and maintenance of on-farm (tertiary and quaternary) works. This includes determining how water will be distributed within the system and how the tertiary and quaternary channels will be maintained. In general, the P3A is sub-divided into a number of smaller units, the names for which vary from location to location. The leadership of these sub-divisions and of the entire P3A is selected by the farmers who are members of the P3A.

Design features specific to HPSIS.

An innovation of this experimental project is that in "new" sites where irrigation systems have not yet been completed, the P3A is to have an active role in the survey, design and construction of the system. In contrast to past practices, the P3A is to be formed at the initial stages of project implementation and given responsibility for reviewing and approving system survey, design, and construction activities, as well as managing the operation and maintenance of the on-farm works once they have been completed.

COs are a fundamental element in the strategy to achieve strong, active and involved P3As. Two or three COs have been assigned to each location. Their responsibility is to work with the P3A so that it can fulfill its functions. These include the formation of smaller groups within the P3A, the development of water management and maintenance plans both for these smaller groups and for the entire P3A, the establishment of a system of charges to support the work of the P3A, and the creation of a leadership both within the smaller groups and the entire P3A which has the support of the farmers and which works according to a known and accepted constitution. Therefore, the COs are intended to be an arm of the P3A, and not spokesmen for or representatives of any of the government agencies involved in irrigation development. This is supposed to be the case eventhough the COs have been selected, trained, monitored and paid by government agencies.

LP3ES (Lembaga Penelitian, Pendidikan dan Penerangan Ekonomi dan Sosial, or Institute for Economic and Social Research, Education and Information) is a private social and economic research and development institution and has been contracted to assist with the development of selection procedures for recruiting COs, and to provide training in two stages for those who were selected. In addition LP3ES has played an active role in monitoring the work of the COs and progress of the pilot project during the time that the COs have been in the field.

### Implications of Different Institutional Roles.

First, there is no single agency which has clear responsibility for irrigation development, if that is taken to mean the creation of sustainable, on-going systems from survey and design work, through system construction, to system operations and maintenance. Activities are split between construction and management, and there are clear difficulties in bridging the institutional divisions which have been established. HPSIS has established inter-agency coordinating committees at the national, provincial and district (kabupaten) levels. Their function is to oversee and coordinate the activities of the different agencies involved in the HPSIS experiment. However, with the exception of the national committee, these have not been either active or generally successful in helping to manage project implementation, and there is no suggestion at this point that they may become an established feature of Indonesia's irrigation development process.

Second, the mode of operation of the different government agencies with primary responsibility for irrigation maintenance is significant. In general, PU is responsible for the construction of discrete projects and for the maintenance of the major works. It is widely recognized, however, that relatively little emphasis is given to the maintenance requirements of major irrigation works compared to the construction of new systems. In contrast, Pertanian has an on-going responsibility for food crop production and has a relatively intensive contact with farmers through its network of PPLs. A single PPL will have a fixed number of "contact" farmers (generally around 20) whom he is expected to visit on a regular basis in order to provide direct assistance through them to other farmers who are members of the small group (kelompok tani) which is the primary unit of activity of the PPL.

Third, the coordinating function of the local government is not clearly defined. While the pilot project is focusing on the P3A, no one

is quite sure how that institution should relate to the LKMD. In general, the LKMD are not strong institutions with enough support to deal effectively with either PU or Pertanian. They are also constrained by the fact that their authority is defined by the geographic boundaries of the village, whereas even a small-scale irrigation system will involve some farmers from a number of different villages and the system area will not coincide nearly with village boundaries. At the district (kabupaten) level the regional planning board (Bappeda) is also generally weak relative to strong sectoral agencies which have both a longer institutional history and more direct control over budget expenditures. Consequently in practice the Bappeda has little capacity to coordinate and oversee irrigation development, particularly when (as with EPSIS) project funds come from the national development budget.

Fourth, the status of the P3A itself is not clear. In one sense it is a nongovernmental body whose function is to represent the interests of the farmers in dealing with government agencies and others who impinge upon the operation and maintenance of the irrigation system. On the other hand, the program to form P3A, to train the leadership, and to provide assistance through the provision of a CO is funded, managed and supervised by government agencies. As will be seen below, this has led to some interesting insights which have been gained in the implementation of the project thus far.

#### ACHIEVEMENTS THUS FAR

To date 33 COs have been selected, trained, and placed in 14 sites under the responsibility of Departemen Pertanian. These include seven "system management" sites and seven "system development and management" sites. In addition, COs have also been recruited and are now undergoing training for placement in six more "system development and management" sites under the responsibility of PU.

Periodic monitoring trips have been undertaken by representatives from Pertanian, PU, Dalam Negeri, LP3ES, AID and Ford Foundation (which has provided some funds for training undertaken by LP3ES). These monitoring trips have provided the main core of information for this interim report, and have been supplemented by monthly reports compiled by the COs and analyzed by LP3ES.

In only a few locations have COs become discouraged enough to contemplate abandoning their tasks and returning home. In only one location has it proved necessary to invite a CO to discontinue his work with the project. In general, the COs have remained active, involved and interested in the project. This has occurred despite a number of troublesome administrative problems which have resulted in late payment of wages or wages being less than what had originally been promised.

In almost every location, the COs have been successful in establishing the formal basis for the P3A. They have helped to form the smaller groups which comprise the P3A, assisted with the election of leaders for those groups, and have moved forward with the formulation of a constitution and elected leadership for the entire P3A. Communication between the P3A, government agencies and contractors has been improved, and farmers have been active in reviewing system designs and expressing their views. COs have also helped with the development of maintenance plans and water management plans in conjunction with the P3A leadership, and have established plans for a water users' charge to be levied on all farmers within the system area. To date these plans have been applied only to a part of the whole system area in most sites. As yet no P3A has a complete water management and system maintenance plan which it has been able to implement throughout the entire area of the HPSIS system. Instead, emphasis has been given thus far to work within the smaller constituent groups of the P3A before moving on to the whole system area.

In many areas, the critical period of testing the validity of these efforts is only now approaching. Now that the P3A and the smaller

groups exist on paper, and now that there are plans for water management and system maintenance supported by the collection of funds from within the system, it remains to be seen if these achievements can be translated into sustainable arrangements capable of weathering the difficulties of the dry season, of internal conflicts, of unexpected government initiatives and the like.

Plans to work with regional universities in assessing the impact of the HPSIS experiment will provide quantifiable information on the extent to which these achievements have been realized in fact and can be expected to endure. A research protocol has been developed, a training program planned, and data gathering efforts scheduled for the next couple of months.

#### LESSONS AND INSIGHTS

##### THE CONDITIONS AND LIMITATIONS OF COMMUNITY MANAGEMENT

1. What is community management? The idea of active participation by farmers in the survey, design, construction, management and maintenance of Sederhana systems is central to the HPSIS experiment. However, implementation of the project has demonstrated the extent to which this general concept has not been elaborated to include more specific and operationally useful indicators of participation and community management at each stage of the project. Although an attempt was made to clarify where increased participation might be usefully encouraged, as well as to indicate where it might be counter-productive, this came only about one year after project implementation was underway. (See "Increased Participation in Project Sederhana: Where, When, How?".)

The failure to develop more precise expectations and operational objectives has been a source of weakness in the project thus far. It has hindered national agencies from encouraging experimentation and developing guideline for PU and Pertanian officials at lower levels of government. It has also made it difficult to determine the extent to

which the project thus far can be said to be achieving its objectives. Without indicators of what would count as community management in survey and design, for example, it is hard to know the extent to which these have been achieved in any of the HPSIS sites. If PU officials discuss the proposed system design with farmers, is that sufficient for the purposes of the project? If farmers choose not to join directly in system construction, have they not participated in that phase of the project?

One reason for this lack of specificity is the number of project locations, the different social economic and physical characteristics of these locations, and the different ministries and levels of government involved in the project. The numbers of actors and diversity of conditions has made it difficult to work closely with a small group of counterpart agencies and staff to formulate common criteria for assessing community management. This has been aggravated by the fact that the original impetus for the HPSIS project came from AID staff, not from counterpart agencies. The effort of AID staff to build a constituency for the project and to develop an understanding of the implications of the project in terms of changes in government procedures have inevitably been concentrated on national level agencies in the capital city. Provincial and kabupaten agencies, more directly responsible for project implementation and day-to-day decision making, were practically excluded from the design of the project and generally have not been involved in policy deliberations.

A second reason from this lack of specificity is the tendency in Indonesia to rely upon vaguely worded statements to mask, rather than clarify and analyze, a difference of perceptions and objectives. For example, in early stages of discussions with PU officials, it emerged that there was considerable opposition to the idea that farmers should review and approve system designs before funds could be released for construction activities. The same officials, however, had no objection to the continued use of the phrases such as "increased farmer participation" or the "participatory approach". Gradually there has been

a change in attitudes, and PU has shown a greater willingness to see more direct and active farmer control over the design process. Nonetheless, it was necessary initially to accept a more vaguely worded description of the project, and to avoid any specific formulation of what would count as effective participation.

A considerable amount of staff time, both on the part of AID and counterpart agencies, is necessary to achieve a practicable and realistic understanding of what community management means at each stage of the project. From the part of AID staff, a great deal of learning still needs to be done about the nature and procedures of Government of Indonesia planning, budgeting and contracting procedures, as well as the role of different levels of government and the relationship of different sectoral agencies. From the part of counterpart staff, more needs to be done to find ways of accommodating the innovative and experimental aspects of the project. On both sides, the single greatest weakness in learning from the experience thus far in order to develop a more precise idea of the meaning of community management is the lack of a good and functioning information system which is capable of providing insights and analysis on a timely basis.

2. Minimum Threshold. One aspect of the limitations of community management is the recognition that there is a minimum threshold of system functionality which must be achieved before interventions to encourage community management can come to fruition. Experience with HPSIS thus far shows that where there are profound problems in the physical system, the COs are not able to organize the farmers effectively. In sites where there have been severe problems with the main system and water supplies are not reliably available to the on-farm works, COs have been unsuccessful in establishing regular and routine water management or maintenance plans. In sites where some external disaster (such as pests) has reduced or eliminated the harvest, the COs have not been able to establish a strong P3A. In both types of cases, the agricultural system in general and the irrigation system in particular have for one reason or another not achieved a minimum

threshold of functionality which has made the question of operation or maintenance of the irrigation system relevant. Where these basic problems are outside the mandate of either the CO or the P3A, there has been little or nothing that HPSIS has been able to do in order to create a well managed irrigation system with the results outlined in the statement of the project hypothesis. This suggests that an emphasis on community management has limitations and preconditions if it is to be effective. These must be recognized, and that recognition may entail a significant qualification of the original project hypothesis.

3. The need for responsive government agencies. There has been a tendency in the implementation of the HPSIS project to concentrate on the role of the COs, strengthening the P3A, and increasing the participation of farmers in irrigation system operations and maintenance. This may lead to an overstatement of what can be achieved by community management alone. While local communities may have important local knowledge and skills which are valuable in the design, construction and operation of an irrigation system, this may not be sufficient to meet all the needs of operating and maintaining that system.

The most recent round of monitoring of HPSIS sites has shown that as yet no site has succeeded in establishing an effective water management plan for the entire system. One apparent reason for this is that the local communities do not have the necessary technical knowledge to determine the most efficient and effective way of using the scarce water resources which are available to them. Without technical assistance from outside the community, they are not likely to create a functioning system which is operating at or near its theoretical potential. In order to do this, they require inputs from a government agency which has both the technical skills and the capacity to respond to the needs of the system as they are articulated by the P3A. To date, local government agencies do not appear to have given necessary support to the COs and P3A in developing water management plans. Almost the only intervention in the project site remains the COs who seem to have been left more or less to their own devices.

Similarly, evidence thus far suggests that system maintenance remains a severe problem even when communities are willing to participate in mutual self-help efforts organized at the village level (gotong royong). This is because maintenance problems almost never are confined simply to the on-farm works which are the responsibility of the P3A. Generally there are significant maintenance problems with the major works, which are formally the responsibility of PU. However, PU apparently does not have the budget or the necessary systems to affect a quick response to maintenance needs. If the problems in the major works are severe, this can have a significant impact on efforts to mobilize farmers for the maintenance of on-farm works. If there is no water because of fundamental problems in the main system, then it is understandable that farmers are not very eager to worry about keeping the on-farm works clean and in good repair.

Matching community management based on local knowledge with the responsiveness of local government agencies is not always easily achieved. Local knowledge and technical knowledge may not always complement each other. For example, in one site in NTB there have been important disagreements between PU and the P3A over the construction of the new on-farm works. PU has insisted that a large drainage canal is necessary. Otherwise, the say, the system will flood during the rainy season and crops will be ruined as well as physical structures threatened. Farmers, on the other hand, have insisted that no drainage canal be built because this will take too much valuable land out of production. In accordance with the HPSIS experiment, the local PU office has agreed to build the system without the drainage canal. They remain convinced, however, that there will be severe flooding in the rainy season and that the systems will have to be redesigned and rebuilt in the near future.

This example is interesting for a number of reasons. One is that it involved a conflict between local priorities and technical expertise, and it was revealing to see how PU coped with the new phenomena of

farmers who were clear in their opinions and set in their judgements. Perhaps more important, however, is the fact that this case raises the question of the extent to which community management should be supported in the face of countervailing technical judgements. What eventually transpires (the rainy season has only just begun) is not likely to prove the case one way or the other. More cases would be required and even then it would be difficult to draw any firm conclusions. What is significant, however, is that this example suggests that there may be limits to the utility of community management, and that it is not always possible a priori to determine what these are. In this sense, the argument that the maximum amount of community management possible is always best may be just as mistaken as the view that the community can never be relied upon to know what is in its best interests.

4. The Costs and Benefits of Community participation. The HPSIS pilot project has been characterized as an experiment in the "participatory approach". Emphasis has been given to participation in survey and design work by means of discussions with farmers and approval for system plans by the P3A. In construction, there has been a conscious effort to involve farmers as laborers in building the irrigation channels. In management, the COs have attempted to assist the formation of viable groups within the P3A and develop a plan for distributing water amongst those groups. In maintenance, COs have encouraged the establishment of routine maintenance plans specifying how the tertiary and quaternary channels will be maintained. These include determination of charges for all those receiving water from the system.

There are clear costs involved in participating in these activities. There are opportunity costs associated with attending meetings to review options and agree on plans. There are opportunity costs in participating in system construction. There are also direct costs involved in participating in communal self-help activities to maintain the system (gotong-royong). The assumption has been that these cost are outweighed by the benefits which are gained through a properly

designed, constructed, operated and maintained system. However, the evidence of HPSIS thus far suggests that the costs and benefits involved in participation may be more complex than was previously expected.

For example, consistent with national policies, the HPSIS project has encouraged the use of local labor in the construction of irrigation systems. Monitoring teams have taken a great interest in determining the extent to which farmers have been able to participate directly as hired laborers in canal construction. The assumption has been that this must confer a benefit upon them, and the P3A therefore have been encouraged to serve as a kind of labor sub-contractor, providing the labor of farmers on a collective basis.

Evidence from one site in NTB, however, suggests that the benefits of participating as a laborer in construction may not be so straightforward. In that site there was a prolonged period of negotiation with the local contractor over the daily wage to be paid to the farmers if they participated in construction. Farmers were asking for a daily wage which was approximately twice that which the contractor paid to laborers whom he hired from outside the project site and brought in to work on the system. It was clear that the farmers within the P3A placed a relatively high opportunity cost on their time, and in the end only a few agreed to work on the system even at the higher wage. At the same time, unemployed laborers from outside the system were being deprived of employment opportunities whenever farmers from within the system agreed to join in construction. In addition, the contractor himself was incurring greater costs when he used local labor instead of imported labor. Finally, contractors on other projects have sometimes complained that earthmoving is in fact a job which requires some skill and experience and that local labor may not be suited to the task.

With regard to system management and maintenance, an assumption of the P3A and COs thus far has been that the benefits of participation are

more or less uniformly distributed amongst members of the P3A. Therefore, it is reasonable to devise operations and maintenance plans which distribute the costs uniformly throughout the system as well. It is for this reason that the same charges (generally a fixed amount of rice per hectare per harvest) is charged throughout the entire system. Similarly, obligation for system maintenance are kept uniform throughout the system. The assumption of equal benefits, however, may not always be valid, especially if sufficient water is not available throughout the system or if there are differences in the productivity of land within a system.

These experiences suggest that the general concept of community management and increased local participation in a development project cannot be applied with the expectation that the gains for all concerned will outweigh the costs. What may look like an opportunity for increased participation from the point of view of the project designers, the P3A or the CO, may look remarkably like increased obligations and costs from the point of view of the farmers.

#### COMMUNITY MANAGEMENT AND CONFLICT RESOLUTION

5. Which Community? The thinking that led to the initiation of this pilot project was based on a rough dichotomy between farmers and government agencies. Assessments of previous experience in the implementation of the Sederhana program suggested that government agencies were proceeding without sufficient and early involvement of the farmers who were later expected to manage and maintain the system. In placing COs in the field with the objective of strengthening the P3A, relatively less attention was given to the possibility that the community of farmers might not be homogenous and speak with a single voice. Where divisions amongst farmers were anticipated, these were expected to be in terms of head-enders v. tail-enders, with the problem of sharing limited amounts of water being the source of the divisions. However, there was a general disposition to assume that these divisions could (and would) be overcome through the work of the COs. That is, the COs, in strengthening

the P3A, were expected to assist in establishing a system of water management which was both efficient and fair at least for the rainy season. The assumption that this was possible in principle was based on analysis undertaken when sites were selected for development under the Sederhana program. One of the elements of survey and design work is the determination that with a properly constructed and managed system, sufficient water would be available during the rainy season for the needs of all farmers within the project area. (We have no evidence to show how accurate such estimates have in fact been)

Project implementation thus far has shown that there are indeed cases where there are conflicts between head-enders and tail-enders, and that the problem of establishing a system for the distribution of water can be a source of division within the P3A. However, this turns out not to be the only or even the most frequent source of conflict within the P3A. There are other conflicts which may have little or nothing to do with the distribution of water and which are not clearly within the competence of the P3A, even though they have a clear impact on the operation and maintenance of the system.

For example, in one location (Semangat Baris, Sumatra Utara) there are profound cultural differences amongst farmers within the Sederhana system. Bataks, who have migrated to this are from only a short distance away, apparently have significant problems in dealing with migrants from Java, who have a different religion and different customs. The divisions affect even the CO (who is from the locality) to the extent that he is fearful of entering the village where the Javanese descendants live and claims that they are widely thought to practice a form of black magic.

In other locations (Mencongah, NTB) the operation of the system is disrupted by rubbish thrown into the canals at a local and long-established market. The market serves the local community and many farmers sell some of their produce there. The P3A, however, has no mandate to regulate the market and enforce a system of rubbish removal.

With the encouragement of the CO, some members of the P3A dug a large pit near the market and for awhile rubbish was thrown there rather than in the canal. However, as soon as the pit was filled, the stall holders in the market went back to their old practices.

In Sulawesi Selatan and Jawa Barat, conflict takes still another form. In sites in these two provinces there is a division between those who both own and work their land, and those who share-crop the land (tani pemilik v. tani penggarap). Those who own and work their land tend to live within the project area and are accessible to the P3A and the COs. They can attend meetings more easily, and are more readily on hand when voluntary labor is required to maintain the irrigation system. In consequence, their contributions to the P3A tend to be greater than those of the share-croppers, who frequently live some distance away from the project site. In Sulawesi Selatan this situation is further complicated by the fact that the share-cropping agreements tend to shift relatively rapidly, and new share-croppers may be working a given parcel of land each year. This means that there is less continuity in the membership of the P3A, with corresponding difficulties in developing the institutional strength of that organization.

Conflicts of interest can also involve agencies or institutions outside the irrigation system. In Lampung, for example, one entire Sederhana system has faced a severe shortage of water which has been caused by the construction of a dam upstream by another group of farmers. This new construction has not been supported by any government program and seems to be an example of spontaneous local initiative. The consequences for the downstream P3A, however, have been disastrous and it is not clear how the P3A can effectively respond.

The general lesson learned from these various examples is that there may be no single efficient and equitable system of water management which in itself can be expected to overcome the various conflicts within the P3A and between the P3A and other organizations. Divisions and

conflict within P3A may simply be endemic and inevitable. If so, the question is how are they to be dealt with and by whom? If one interest is to be favored over another, what criteria should be used to determine which interest? Is total production within a given area to be given priority over equity amongst farmers? If one institution is to be preferred, which institution and on which general grounds? Should the P3A be given greater weight than the village council (LKMD)?

These issues are particularly difficult to deal with in Indonesia where cultural norms place a high priority on consensus and mutual agreement, and where the government is particularly at pains to refute the idea of class conflict. The notion that there are inevitable conflicts between different social and economic classes is held to be a central tenant of Marxism, an ideology which is officially banned within the country and which is a continuing source of concern for the government. Nonetheless, experience thus far suggests that conflict may be inevitable within the system, that it is not necessarily resolvable by mutual consultation and consensus, and that it cannot be explained simply in terms of head-enders v. tail-enders. If this is the case, it suggests that the introduction of COs into a given location, and an emphasis on community management of water resources, cannot always be expected to lead to the results posited in the hypothesis underlying this experiment. The nature of ethnic, social and economic conflict may run to areas which are outside the mandate and scope of both the COs and the P3A.

6. Is conflict over water management inevitable and unsolvable?

Even if there are some kinds of social conflict which the COs cannot (and are not intended) to solve, it can still be asked what has been learned about their contribution to strengthening the community management role of the P3A in water management? As noted above, site selection procedures for the Sederhana project are supposed to include a determination that with proper construction and good water management, there will be sufficient water during the rainy season for the needs of

all the land of all the farmers within the system. COs are intended (amongst other things) to help ensure that the P3A is able to formulate an efficient and equitable water management system which will allow the potential of the system to be achieved in fact. The conflict between head-enders and tail-enders, then, should be overcome through strengthened community management leading to equitable plans for distributing and using water.

Although experience with the COs has been limited, and any conclusions suggested are necessarily tentative, it must be admitted that there is as yet no system in the HPSIS experiment which has achieved an comprehensive and demonstrably efficient and equitable water management plan. However, it is interesting to note that COs have been most successful in establishing effective water management plans thus far within the smaller groups which comprise the P3A. In these smaller areas, if there is water at all, it is generally possible to see that all farmers receive it. If there is no water, then none receive. Sharing water equitably within these small units is easier to achieve than sharing water equitably amongst different units. Similarly, as one moves to progressively larger units, the COs have encountered greater difficulties. As the possibility inequitable distribution of water increases, the ease of establishing an effective water management plan appears to decrease.

In practice it may be that in a given system there is no management plan which allows both for equitable and efficient distribution and use of water throughout the year. If that were the case, then conflict amongst farmers over the use of water would be endemic and insolvable. Suppose, for example, it could be shown that it is economically efficient and productive to design systems so that there are always certain marginal areas which generally cannot be irrigated except in times of unusually abundant water. If this were the case then the role of both the P3A and the CO would become quite different. Their task would not be to devise a water management plan which is both efficient

and equitable, but merely one which is efficient and equitable for most of the land most of the time. That is, there would be land (and farmers) who would be necessarily permanently marginal in terms of the central concerns of the P3A. This seems to be the case during the dry season in most Sederhana systems since they are designed to provide water for all land within the system area only during the rainy season.

What is suggested here is simply that the role of the CO and the P3A may be overly simplified if it is thought of in terms of achieving water management plan which is both efficient and equitable to all farmers in both the rainy and dry season. Just as there may well be certain social cleavages and conflicts which are outside the capacity of the P3A, so also there may be certain inequities in even the very best possible water management system which no amount of community management, strengthened P3A or support from COs can solve.

#### INSTITUTIONAL ROLES

7. P3A: Farmers' organization of government agency? As noted earlier, the establishment of the P3A in systems throughout Indonesia is the result of a government program, with government funds and procedures. Although in most places there were indigenous traditional water users organizations, the P3A within the framework of the Sederhana Irrigation program in general and within the framework of HPSIS is specifically a government creation. The COs, selected, trained and paid by government agencies are also a product of government decisions rather than local initiatives. It is not surprising, therefore, to find that government agencies often look upon the P3A as a part of their extension service network, with the function of assisting the government in achieving its production targets or other development goals.

This tendency manifests itself in a number of ways. For example, government officials will frequently link the water management plan of the P3A with the cropping pattern which the government has established

for a particular kabupaten. While there clearly is a close relationship between cropping patterns and water management, the water management plan of the P3A is seen as the dependent variable. The initiative lies with the kabupaten authorities in establishing the cropping pattern, and the responsibility of the P3A is to help implement that plan through a proper water management system which will make the cropping pattern feasible. The task of the P3A is one of mobilizing farmers to ensure that the cropping pattern is adhered to and that production targets are achieved.

Another manifestation of the tendency to regard the P3A as a part of the government extension system is the common practice of requiring COs to attend regular briefing sessions with the PPLs (agricultural field workers). The implication seems to be that it is important for the CO (and through the CO, the P3A) to know what the government plans and schedules are so that the activities of the P3A can be planned accordingly. As with the approach to cropping patterns, the communication seems to be from the government agencies down to the P3A, using the CO as a intermediary, with the assumption that the job of the P3A is to help mobilize farmers to fit in with the government plans.

8. The traditional water users' association v. P3A. One of the fascinating, but as yet not clearly understood aspects of the HPSIS experiment is the relationship of the P3A to traditional water users' associations. In many of the HPSIS sites there was previously a village irrigation system managed by an indigenous community organization. The Balinese subaks are well-known for the high level of organization and management sophistication which they bring to bear on indigenous systems in that island. Most other locations in Indonesia also have some form of a subak, although the name, structure and mode of operation of the organization will vary widely from one area to another.

In theory, HPSIS ought to try to build upon these indigenous efforts, since HPSIS seeks to strengthen community management of the irrigation system. In fact, however, this has not proved possible.

There are several reasons for this. First, in the seven "system management" sites, HPSIS is working in an area where a government program has already built an irrigation system which superceded the old village system. In most cases, this occurred several years ago, and the indigenous water users association is no longer a viable institutional resource. This is not always the case, however, and in several sites one finds former office-holders serving as officers in the new P3A.

A second reason why HPSIS frequently cannot build upon indigenous organizations is that the boundaries of the new Sederhana system are generally larger than those of the previous village system, or else they cut across old system boundaries. It can be asked whether this is sensible and if it would be more productive over the long run to design systems to coincide with indigenous village irrigation systems whenever possible. For HPSIS, however, the boundaries of the new Sederhana system have already been determined. At best it is a matter of helping the farmers to review survey and design documents before the system is constructed.

Even if it were possible to adjust system boundaries to coincide with village systems, and to build more directly upon the foundations of the traditional water users' association, it may not always be wise to do so. Traditional water management plans and maintenance schemes might be both inefficient and inequitable. Conceivably it could serve the interests of the government and the farmers to disrupt these traditional associations rather than to build on them. It should not be assumed that all traditional water users' associations demonstrate the sophistication and charm of the Balinese subak. The plain fact is that in most areas we simply do not know, and in most areas it is now irrelevant, at least as far as HPSIS is concerned. (Ford Foundation - funded research currently being undertaken on the role of traditional water users' associations in Sumatra Barat and Bali may shed some light in these questions)

9. Role of the CO. Although the training of the COs stressed that they were to assist the P3A with the ultimate objective of making themselves redundant, there is some evidence that the COs have succeeded to the point that they have made themselves indispensable to the activities of the P3A. While they have conscientiously tried to avoid being seen simply as extension of the government apparatus, they have apparently been less successful in moving toward their own obsolescence.

Evidence for this judgement lies in the fact that the COs are often used by the P3A to deal with the government officials whose plans and programs impinge most directly on the irrigation system. If plans of the proposed system are needed from PU, the COs will frequently be the ones to go to the local PU office and obtain them. If the P3A is having difficulty in accepting the technical recommendations from PU about the system, the COs will be used to convey the views of the P3A to the PU engineers.

Because this is an interim report, any assessment of the role of the COs vis-a-vis the P3A is necessarily tentative. What we have seen thus far may represent a necessary transition stage in the development of the P3A. Certainly the extent to which the COs are used as go-betweens in dealing with the government is a testament to the extent to which they are trusted and relied upon. But it also suggests that the future may see a difficult time of maturation for the P3A as the COs are increasingly encouraged to make themselves less central to the P3A activities.

## CONCLUSION.

Evidence acquired thus far in the implementation of the HPSIS pilot project suggests that the original hypothesis may have been too simply stated in its suggestion of a direct, almost causal link between increased direct and active participation of project beneficiaries and the results of better survey and design work, better construction, better water management, better maintenance and increased agricultural yields and rural incomes. There are, for example, important questions about which groups within a community is expected to exercise management control over the system. The extent to which some problems of irrigation management may not be solveable even when farmers themselves are in charge is also important. It is possible than an uneven distribution of the costs and benefits of irrigation systems may result, even when they involve community management.

In the Indonesian context, the project continues to face ambiguities arising from the definition of responsibilities at the village level, and the extent to which the P3A is seen as an instrument of government or an institution of the farmers. Insufficient attention may have been paid to the responsiveness and support required from government agencies if the community management approach is to bear fruit. These issues do not disprove the hypothesis underlying the HPSIS experiment. They only serve to highlight the complexities associated with irrigation management and the fact that while community management can accomplish some things, it cannot accomplish all things in all conditions. The next steps for assessing this project should be the continuation of efforts to elaborate and define the meaning of community management as well as research efforts to provide more exact (and less impressionistic) empirical data on what the community management approach has achieved. This should be coupled with a more detailed examination of the limiting conditions discussed above which have set the parameters for those achievements. Based on this lessons more specifically applicable to AID and to Government of Indonesia agencies can be articulated.

Asia Regional Committee on Community Management

Philippine Case Study:

Local Resource Management Project

Douglas J. Clark  
Manila  
December 1983

## A. Introduction:

The Philippine Mission has selected the Primary Health Care Financing and Local Resource Management projects as the case studies for the Asia Regional Committee on Community Management. The purpose of this paper is to introduce the Local Resource Management (LRM) project, provide a brief analysis of the project within the framework of the key issues outlined by David Korten in Jakarta 17341 (October 16, 1983), and define the more detailed and deeper analysis of the LRM project that will be the subject of the next paper for the Committee.

## B. Case Study Relationship to CDSS:

The Philippine FY 1982 Country Development Strategy Statement and the subsequent updates for the period FY 1983 to 1985 proposed a strategy based on a deeper understanding of the dimensions, nature, and determinants of poverty in the Philippines.

The analysis of poverty which underpins the strategy identifies an estimated four million poor households (approximately 30 million people or 60% of the population of the Philippines), most of which are rural. The analysis of poverty was based on the income level required to maintain a minimum level of nutrition. Many of these households are landless with only their labor to sell in an unremunerative environment, while others are small-scale farmers in rainfed areas who depend on marginally productive upland farms for their subsistence. Artisanal fishing (near shore marine) households are also a significant poverty group.

Population pressure continually places more people into an already overcrowded labor market. An increasing number of poor households are being forced into the upland and coastal fishing areas in search of the means for survival. As a result, fragile ecosystems are being destroyed, resource productivity lost, and the already precarious existence of poor households, primarily rural, threatened.

To address these problems, the current Philippine CDSS sets sustained and more productive employment for the poor as its overall assistance objective and identifies three supporting strategy objectives:

1. Create more jobs in rural areas.
2. Promote higher productivity among those already gainfully employed.
3. Reduce the rate of growth of the labor force.

To help the Philippine meet these objectives four programs have been developed: small and medium enterprise development, fertility and infant mortality reduction, rainfed resources development, and local resources management.

## C. LRM Project Purpose:

The purpose of the Local Resource Management Project (LRM) is the identification and development of replicable systems and processes at the

local level which seek to establish productive, self-reliant activities focused on poor households within an identified poverty group.

As the project evolves, its later phases will be characterized by the development of working partnership among provincial and municipal (the local government unit below the province) governments, the private sector (private business concerns, and nonprofit civic, religious, and educational organizations, including private voluntary organizations), and poverty groups. Poverty group members are to be assisted in organizing their efforts, defining their own needs, establishing priorities, and launching initiatives to obtain additional resources to supplement those resources available to them locally.

Upland and coconut farmers and landless laborers and artisanal fishermen are the major poverty groups to be assisted.

The ultimate objective of the LRM project is to promote greater self-reliance, productive employment, and real income among disadvantaged households in rural areas.

#### D. Project Description

The Local Resource Management Project builds on over a decade of Philippine Government efforts to strengthen provincial and regional capabilities to plan and implement development programs. Recognizing that decentralization alone is no guarantee to more responsive local development, the LRM project has taken on the task of helping the Philippine Government change local development policy and programming. The LRM project aims to reorient existing provincial capacities toward promoting and supporting the efforts of local people to help themselves. The strategy and planning formulation process will focus attention on the household survival strategy and the constraints to improving the household's socio-economic status. This is an important innovative aspect of the LRM project and an area that will test and experiment several approaches.

The LRM project will operate along three implementation tracks: (1) provincial strategy and local project development; (2) local financial administration; and (3) beneficiary participation.

The provincial strategy and local project development track works with participating provinces on developing strategies for assisting defined target poverty groups. These strategies will be based on an understanding of the needs and potentials of poverty group members for self-help development. It also assists provinces in identifying and developing feasible subprojects to implement approved strategies. It stresses improved subproject monitoring and evaluation with more flexible budgeting procedures to permit subproject implementation adjustments in response to local conditions and beneficiary inputs.

The local financial administration track centers on improving and developing financial systems to enable provinces and municipalities to increase local revenue through improved administration of local finances and increased use of existing revenue generating authorities.

The beneficiary participation track will test approaches for linking private sector beneficiary organizational efforts more closely to municipal and provincial development activities related to a selected target poverty group.

The project will be carried out in the three CDSS regions (Bicol, Eastern Visayas and Western Visayas). The National Economic and Development Authority (NEDA) working through its regional offices and relying on the Regional Development Councils (RDC) and the provincial governments will be the implementing agencies for the project. NEDA is the central planning agency of the Philippine Government. NEDA develops the five-year plan of the Philippine Government which has as one basis the regional planning process which NEDA has been developing in the twelve regions of the Philippines.

The LRM project was specifically designed to primarily utilize Philippine organizations and institutions to meet the technical assistance, training, and research needs of the project. The contracting and grant awarding process for the project is nearing completion and will involve the following organizations:

- Development Academy of the Philippines for the provincial strategy and local project development track.
- Local government Center Foundation of the University of the Philippines for the local financial administration track.
- International Institute for Rural Reconstruction and Philippine Business for Social Progress (both are private voluntary organizations) for the beneficiary participation track.

These organizations will augment the NEDA and provincial government resources, primarily the provincial development staffs, that will be devoted to the project.

#### E. Critical Lessons and Insights From Project Design and Implementation Experience to Date:

The LRM project agreement was concluded in August 1982 and Conditions Precedent were met by the Philippine Government in December 1982. Thus far the implementation of the project has been concerned with obtaining the initial Philippine Government budget appropriations for the project, contracting and granting with Philippine resource institutions, and organization by the implementing agencies. The initial three pilot provinces (Albay, Antique, Southern Leyte) were selected in October 1982. Each province has selected a poverty group based on an initial poverty analysis of the province, completed a preliminary provincial strategy for the group, and is presently finalizing the first set of subproject proposals. The second set of four pilot provinces (Catanduanes, Eastern Samar, Leyte, Capiz) have just been selected. There has been only limited implementation experience with the provincial strategy and local project development track, and yet no implementation experience with the local financial administration and beneficiary participation tracks of the project.

The design process for the LRM project was explicitly organized for maximum collaboration with the proposed implementing agency (NEDA) and the significant involvement of the potential Philippines resource institutions (Development Academy of the Philippines, Asian Institute of Management, International Institute of Rural Reconstruction, Philippine Business for Social Progress, Local Government Center of the University of the Philippines).

This was done so that support and acceptance of the conceptual basis of the project, which departed significantly from the manner in which development planning and strategy development at the local level has been done previously in the Philippines, would be achieved with the significant number of Philippine institutions that might be involved with the project.

This required considerable effort by AID Mission staff to facilitate and organize this collaborative and participatory design process. Three AID staff devoted nearly full time to the design process, and an additional three staff worked part-time over a period of over a year. The use of consultants was basically restricted to the potential Philippine resource institutions.

As a result of the intensive involvement of AID Mission staff with staff from NEDA and the potential Philippine resource institutions, the basis for good professional, institutional, and personal relationships were established during the design phase. These relationships helped in achieving a smooth and quick transition to the implementation phase. Continuity of individuals has also been important in this respect.

A key lesson learned is that AID should be prepared to invest considerably more time and effort during the design phase when a significantly new concept, such as community management, is the basis of the design. In addition to completing the design of a project that can muster AID approval, the design process in such instances must also achieve understanding and acceptance of the conceptual basis by those counterpart institutions that will be involved with the implementation of the project. This takes time and effort considerably beyond that required for a project design process which does not involve a new conceptual basis.

The first year of implementation experience has shown the critical importance of achieving a common understanding of the conceptual basis of the project and how this will become operationalized. The LRM project strategy and planning process at the provincial level will be oriented toward a specific poverty group and will be oriented toward the community (village) level. These are significant changes to the present way in which provinces plan. There have been several orientation efforts at the provincial, regional, and national levels to work toward a common understanding by the people who will play key roles in the project at these three levels. Many of the first implementation actions have gone more slowly than expected because of the time needed to gain this common understanding. We continue to assume that these efforts will result in better implementation of the conceptual basis of the project and first indications are that this assumption is correct. It is also evident that efforts to achieve acceptance and understanding of the conceptual basis of the project must be continuous as new provinces, people, and organizations, primarily at the local level, become involved with the project.

The remainder of this section of the paper briefly discusses the issues raised by David Korten in Jakarta 17301 (October 16, 1983).

1. Community Management Concept:

Dave Korten's first effort to define the community management concept in Jakarta 17301 (paragraph 3) is a good starting point. A definition has not yet emerged in the context of the LRM Project. Such a definition will develop over time through the poverty analysis and strategy development activities that will be carried out in the provincial strategy and local project development, and the participatory approaches that will be developed and tested in the beneficiary participation tracks. The LRM project is oriented to the community level, and will develop, consistent with Dave Korten's definition, community level management approaches that will be independent of national or local government.

2. Implementing Agency and Inter-Institutional Relationship:

An important assumption of the LRM project is that the provincial governments and NEDA at the national and regional levels, will significantly reorient their development planning and implementation processes toward the community level, and accept approaches that increase community control and management of development activities at the local level. NEDA, at the national and regional levels, will play a critical role in realizing this objective.

The relationships that will be established by the Philippine resource institutions with NEDA, the provincial and municipal governments, and the poverty groups will also be an important dimension of the dynamics that determines the change that occurs.

For example, the resource institutions engaged for the provincial strategy and local project development and beneficiary participation tracks will play the primary role in developing and testing approaches for community participation in the development of community-defined activities and their subsequent management. The project will then aim to absorb successful approaches that are successfully tested into the existing planning and implementation systems of the provincial governments and NEDA.

As the implementation of the project proceeds, AID staff will attempt to understand the ways in which the relationships among the institutions involved with the project and other national level agencies, such as the Ministry of Finance and the Office of Budget and Management, which also will relate to the project, aid or impede the establishment of improved planning processes and systems at the local level. It is already apparent that the Philippine Government budget process and the controls inherent in this rigid, top-down budget system are not conducive to the level of flexibility and authority needed at the local level to carry out community level development activities.

### 3. Sustainability:

The early stages of implementation with the resource institutions for all three tracks have been encouraging with respect to sustainability. Each institution has developed an approach that will not create dependency and will have a carefully prepared phase out process. The institutional aspect of project sustainability will focus on the municipal and provincial levels. At those levels the project aims to institutionalize replicable systems and processes which can establish productive, self-reliant activities focused on poor households.

The local financial administration track will concentrate on the financial sustainability aspect of the project. This track of the project has taken on greater importance due to a significant reduction in the traditional national budget allocations for local development purposes brought about by the current economic crisis. These reductions will continue and are likely to become greater. Therefore, the provinces, municipalities, and communities themselves must mobilize greater levels of financial resources to increase their ability to sustain the development activities that will result from the project.

All three tracks are to work toward achieving the greatest level of sustainability in both institutional and financial terms. The approaches to achieving this objective remain to be tested and proven. The resource institutions appear to be strongly committed to this objective based on their proposals for technical assistance.

### 4. Resource Institutions:

As previously discussed, the LRM project design consciously planned for the use of only Philippine institutions to provide technical, research, and training assistance. A specific aim of the project is to enhance the capacities of these institutions to continue, after the project has ended, to assist at the local level with the systems and processes developed by the project.

The contracts and grants are being finalized with these institutions and thus for this report there is, as yet, no experience to analyze.

### 5. AID Regulations, Procedures, Staffing and Project Management Mode:

The LRM project was designed explicitly to allow an evolving design approach to implementation. As experience is gained during the course of project implementation, subsequent activities will be adjusted and/or designed anew. Limited implementation experience thus far in the LRM project strongly supports the validity of this approach. For example, the first activities with the initial three pilot provinces in the provincial strategy and local project development track revealed that each province will probably follow a different sequence of events in completing the first round of poverty analysis, strategy development and subproject preparation. The project design had assumed that each pilot province would follow the same sequence of events

in organizing to start in the project and work on the first round of activities. The project implementation for the first track will now be modified to take into account this experience.

The development and approval of an LRM type project based on the evolving design approach can be accomplished within existing AID regulations and procedures.

The AID Mission has established a team management approach for the project. This team project management mode was selected because of the need for different skills for each of the three tracks, the high level of activity that will ultimately be underway under each track, and the large number of institutions that will be involved in the project.

The Office of Rural and Agricultural Development manages the project with the project management team comprised of four U.S. and two FSN staff. All of these individuals have other responsibilities and devote varying portions of their time to the project.

One procedural lesson learned concerns the contracting process. The contracting process for the local resource institutions has been greatly lengthened because of AID competitive procurement requirements. During the design phase of the project, the potential resource institutions were identified, and several of them participated in the design process. Contracting on a less or non-competitive basis would have saved several months and would have resulted in the selection of essentially the same set of resource institutions.

F. Next Report:

The purpose of this paper is to introduce the LRM project to the Committee. Subsequent reports will each focus on a limited number of issues and will present more detailed and deeper analysis of the LRM project experience. The next paper will present a more detailed analysis of the design process and the decision to use primarily Philippine resource institutions. A subsequent paper will attempt an analysis of the Philippine social and cultural environment within which community management efforts would be carried out to determine the extent this environment is supportive of such efforts.

Asia Regional Committee on Community Management

Philippine Case Study:

Primary Health Care Financing Project

Joy Riggs-Perla  
Manila  
December, 1983

A. Project Purpose:

The purpose of the Primary Health Care Financing Project is to improve access to and utilization of sustainable primary health care services managed and financed by communities and the Government of the Philippines. The project purpose contributes to the attainment of USAID's overall sector goal in the Philippines which is to reduce high fertility and high infant and early childhood mortality. Improvements in these conditions can be accelerated by increased use of selected primary health care services which can help prevent or treat conditions which cause childhood illnesses and death and which help give families a means for spacing births and limiting family size. It is known that improving the quality and coverage of services in the rural areas can only be assured if the communities themselves and the private sector along with government are involved in planning, managing and financing health care.

The objective of the portion of this project which involves community management of resources is to demonstrate that the quality of health care and the utilization rates of primary care services will improve if communities themselves participate in financing these services. Before discussing this component of the project further, a brief description of the entire project follows.

B. Summary Description:

The costs of providing high quality primary health care services to every household in the rural areas of the country are formidable if the central government must assume the entire burden. For this reason, the Government is promoting a nationwide effort to encourage people to take more responsibility for their own health and for community-level health care. The PHC Financing Project is designed to produce further information on how communities can participate in managing and financing health care and to make sure that government investments in the health sector are as cost-effective as possible.

Three major interrelated activities will be undertaken which will collectively result in achieving the purpose of the project. A variety of health care financing schemes, designed with help from the beneficiaries, will be tested in different parts of the country through private and public organizations. These schemes will demonstrate the impact on service utilization of having communities and the private sector manage and finance their own PHC services with technical support from the government. Schemes will also suggest to the government ways in which the recurrent costs of the PHC services can be shouldered by equitable cost-sharing arrangements among communities, the private sector and the government.

Simultaneously, the government's ability to provide technical support to the field in several important areas of primary health care will be strengthened through the project. The activities will focus in the following four areas: (a) improved training protocols for barangay (village) health workers (BHWS) and midwives and improvements in the MOH's ability to provide technical guidance on their selection, training, support and retention; (b) the provision of the most useful equipment and supplies to BHWS with a system of resupply of expendable supplies to be provided by the communities; (c) improvements in the MOH's ability to give technical guidance to small private village pharmacies (botica sa barangay) so that appropriate drugs and commodities are available commercially at the community level; and (d) strengthening of the MOH's mass media and public information campaign to promote selected PHC services.

Before these improvements are initiated, more information is needed on the cost-effectiveness of the current MOH programs. The project will fund the background studies and assessments necessary to further refine the specific inputs listed above for strengthening the MOH's ability to support technically field operations. Other studies and policy analyses will be undertaken which look at financing issues in the health sector, which, together with the community level information generated by financing schemes, will help the GOP make important decisions about future health sector investments. The project will also fund the workshops, travel, evaluations and conferences necessary to document and disseminate the knowledge acquired in the testing and research activities planned in the budget. The activities will be accomplished over a 5-1/2 year period with \$12 million of USAID funding.

Only one component of the PHC Financing Project will be scrutinized for the purposes of analyzing the lessons learned about community management of resources. A unique opportunity to learn more about how communities manage their own resources to obtain health care exists in the component of the project which will test financing schemes. The Philippine Council for Health Research and Development (PCHRD), the organization responsible for managing this part of the project, will operate a small grants program to fund proposals for financing schemes which are generated by communities and rural organizations. PCHRD rather than a foreign technical assistance firm will provide the technical assistance necessary to communities or organizations who are interested in proposing schemes, review and evaluate the proposals, award grants and monitor and evaluate the results. Because the project was obligated only last July, implementation activities are just now beginning and therefore, the analysis at this stage will focus more on the prediction of how the project will work, on design issues, and on methods of capturing the lessons learned once the project is well underway.

Capturing the lessons learned and interpreting these to policy makers constitutes one of the most important functions PCHRD will manage during the project. Very briefly, each financing scheme will be required to produce baseline information on health seeking behavior and expenditure patterns. Simple reporting systems will be designed for each scheme to permit managers to feed PCHRD important information on the organizational process used in developing and establishing schemes, changes in service utilization and expenditures, and the financial health of the scheme itself. In some schemes, health status data will be collected and changes analyzed at the end of the funding period. The lessons learned in the first set of schemes established will be recorded, analyzed and translated both to policy makers in government and to proponents of subsequent schemes. National workshops are planned to discuss the findings and funds have been set aside for liberal travel of a variety of people to observe schemes in action. In this manner, a wealth of information and experience will be acquired which will prove useful for expanding schemes to cover larger portions of the rural areas of the country in the future.

C. Critical Lessons: Insights on the Design Process and Anticipated Implementation Issues.

1. Community Management as a Development Approach

In the field of health in many developing countries, government has assumed the responsibility for making basic health services available throughout the countryside, often free of charge to rural residents. Because of the enormous recurrent cost implications of such a system and because, typically, developing country Health Ministries are not well funded, the coverage and quality of care is normally inadequate. In the Philippines, even poor rural people travel great distances and pay substantial out-of-pocket fees for private practitioners, by-passing free government clinics because they perceive that the quality of private care is better. In government programs, people have often been the passive "recipients" of free health services so they feel no sense of control over, or ability to make demands on, the service providers. The issue of how services are financed goes far beyond the question of who pays but it actually determines the basic structure and nature of the health care system of the country. If policy makers decide that the people themselves should participate more directly, for instance, in paying for personal health services, then government might encourage the proliferation of private health insurance plans of various kinds in lieu of centralized planning for government-financed services.

This project will attempt to stimulate rural organizations to arrange for health service packages for their members in a variety of ways. A group of farmers coops may contract with a small local hospital on a prepaid capitation basis for the provision of certain out-patient and hospitalization benefits. A small enterprise might use a certain

proportion of profits to hire a midwife to service members and their families or to start a village pharmacy. By organizing themselves in this fashion, it is hoped that (1) rural families will save money by reducing their out-of-pocket payments for medical care, (2) encourage the use of preventive services because they are included in a prepaid packages; (3) provide incentives for practitioners to keep their clientele well instead of making money on their illnesses, and (4) demonstrate the advantages to the rural people of participating in a system which they help design and pay for. The theory is that as a development approach, organizing the demand for health services at the community level will stimulate a more effective service delivery system than the conventional highly centralized planning of health services found in many countries.

On the surface, there is an apparent contradiction in needing external funding to foster an effort aimed to directly increased community self-sufficiency. However, one must remember that the funding required is primarily for the costs associated with developing community financing as a new 'technology' (i.e., the hiring of local consultants, the gradual development of a cadre of people who are skilled in helping to initiate financing schemes, the intensive monitoring, evaluation and documentation required, the workshops and travel necessary to share the knowledge acquired and so on.) Because this area is largely unexplored and somewhat risky, it is difficult for GOP agencies to program funds unless it is through a donor assisted project.

## 2. The implementing agency

During this project, the demands on the implementing agency will be great due to the fact that the activity is new and will require a lot of technical assistance and monitoring. Once financing schemes become financially stable and a few are fairly successful, others may begin to crop up spontaneously and over time very little management of the process will be necessary. Our judgment of the complexity and management-intensive nature of the development and testing of financing schemes led us to look for a flexible and research oriented organization to administer this component. PCHRD appears to be ideal as an organization to undertake this activity for several reasons.

(1) As a branch of the GOP's National Science and Technology Authority, PCHRD has the mandate to formulate research priorities and coordinate a national health research and development program with the purpose of establishing firm linkages between R&D activities and service programs. (2) They have special financial mechanisms for handling grants which are less rigid than the traditional government system. (3) They have a committee structure and peer review process for decision making and quality control which includes talented people from the private and academic sectors as well as government officials. (4) And PCHRD as an institution has no stake in

preserving the status quo in the government-operated health care system and yet, it is also concerned with being as responsive to the research and development needs of the Ministry of Health as possible.

An alternative to choosing PCHRD to manage the financing schemes portion of the project might have been to contract with a foreign technical assistance firm. The disadvantages of doing so are as follows: (a) the institution building opportunities would have been lost or minimized by having an external institution handle the task, (b) PCHRD as a permanent Philippine entity can continue to carry out the functions they are performing for the project. (c) PCHRD's credibility and ability to influence national health policy and health program decisions within the MOH is much greater than would be the case with a foreign institution.

In spite of our general optimism, there are bound to be problems and difficulties in implementing this activity. Competent and practical consultants will have to be found and commissioned to help develop schemes. Proposals will have to be reviewed, revised and funded. On-going projects will need to be monitored and assistance provided directly or by consultants when problems are encountered. The talent pool needed for these tasks is available, however, few people have much practical experience in health care financing schemes and therefore the cadre of consultants developed in implementing the project will themselves be acquiring expertise through direct experience. Likewise, the institutions with whom consultants are associated will gradually be developing the ability over the long run to provide the kind of technical support necessary to continue assisting financing schemes in the future. And finally, the lessons learned from these experiments will need to be documented and interpreted for policy makers. These activities will require an enormous amount of staff time and energetic leadership.

PCHRD is still a relatively young organization and, as of yet, has not undertaken a task of this magnitude or complexity in terms of management. Their technical review and approval process involves people from many organizations who are already extremely busy and perhaps over-extended. Delays in the review process or inability of PCHRD staff to respond rapidly to technical problems in field projects could have a serious impact on the project.

Potential problems also exist in the set of organizational relationships which will need to function at several levels. For purposes of this discussion, only the community level relationships will receive attention. PCHRD, the community organizations which will implement the financing schemes and local political officials will need to understand and cooperate in financing scheme arrangements. In the Philippines it has been traditionally very difficult to sustain, or even introduce, a development project without serious consultations

and approval by barangay captains (elected village chairman), local mayors and governors. Experience in the Primary Health Care Operations Research (PRICOR) project in Iloilo province (a centrally-funded operations research project to test health care financing schemes) is demonstrating that the nature of the support given by barangay captains is having a large impact on the amount of time and energy the people devote to the schemes. If a private community hospital, for instance, is the scheme administrator, hospital personnel will have to seek support from the political leadership in the area even before approaching the people. PCHRD will have to make sure that no short-cuts are employed in this important process and will have to develop their own working relationship with those political leaders to enable them to visit frequently and intervene when problems occur. Additionally, PCHRD, virtually an unknown organization at the barangay level, will need to foster a supportive and positive relationship with the organizations administering the schemes. PCHRD and the local organizations will have to enlist the support of government agencies such as the Ministry of Health in the area to assure assistance from them where it is required and to avoid territorial battles that could sabotage a scheme. The lessons learned about these organizational relationships in the PRICOR project are being documented and carefully analyzed and will be shared with PCHRD staff before any schemes are started.

### 3. Demands on AID

Implementing the PHC Financing Project will require a fair amount of USAID staff time, much of it being spent on the financing schemes component of the project. Of course a great deal more staff time would have been required had USAID decided to administer the financing schemes directly but nevertheless, the time required for monitoring and providing assistance in implementing the activities will be considerable in the early years of the project. The innovative and experimental nature of the activity does not allow for a hands-off approach to project management.

Unlike some projects, project management will involve more than one project officer; PHC Financing will become an 'umbrella' project in the health/nutrition/population sector and therefore may be gradually expanded to include a broader scope of activities. Several USAID officers will become involved in managing different project components even though there will be only one overall project officer.

Other offices within the USAID Mission will be participating in some elements of project administration beyond the traditional support functions. For example, Mission economic staff will help assess the cost-effectiveness and financial viability of financing schemes to be proposed. The Controller Office will be providing direct assistance

to PCHRD and financing scheme proponents who need help establishing adequate accounting systems. These additional activities will make demands on already busy officers.

While the Agency in general is encouraging "doing more with less" and developing programs which do not require as much AID staff time, it is our conclusion that in high risk and innovative projects, proper project monitoring and oversight is as important as the initial design. There is, of course, a delicate balance between being overly involved, taking over responsibilities host country institutions should be performing and being too unobtrusive. In any case, during the life of the project and especially while the basic system for developing and approving proposals and monitoring schemes is being tested and perfected, implementation is expected to require a great deal of USAID staff time.

#### 4. The project design and implementation process

During project design, a deliberate decision was made to structure the financing schemes portion of the project in a way that placed maximum initiative and responsibility for the schemes with the communities and organizations themselves. We considered testing several large scale financing schemes to be developed by planners and tested in specific locations. However, USAID funded research on health seeking behavior and expenditures indicated that there were real differences by region in spending behavior and cash liquidity at different times of the year. We also became convinced that the community process of deciding on the kind of scheme and the organizational process to implement it was equally important for the longevity of the scheme. The same kind of scheme may not be equally applicable everywhere and differences in income, proximity to alternative services, spending behavior and so on indicated that the consumers themselves should play a big role in the kind of scheme developed in the area.

Outsiders (consultants) will be necessary to help advise on the decisions related to how big the scheme should be, what sort of pricing or payment methods should be used, how to establish a good system for financial management and so on. PCHRD will also need to begin identifying opportunities to involve institutions in financing scheme experiments which have potential for expanding coverage eventually to a much larger scale. There are, for instance, federations of coops which have significant membership nationwide that could replicate schemes once they are tested.

At this point it is difficult to know whether correct design decisions were made but, within the first few years of project implementation, we should be learning important lessons about these decisions by monitoring closely the kinds of implementation problems that occur and examining periodically the data generated by PCHRD regarding financing schemes...

5. Next Steps

The discussion contained in this paper simply defines what some of the community management issues are in the project and speculates about the impact they will have on project implementation. There are at least two additional analytical papers that we intend to write in the coming months. One will deal with the political and organizational dynamics of project design and the significance of that process on achieving the project objectives. The other paper will attempt to analyze the experience gained through the PRICOR project (referred to on p. 6 of this paper) to determine what the lessons are relevant to the financing schemes in the PHC Financing Project. We should allow another six months of implementation experience for the PRICOR project before attempting this study.

THE MADHYA PRADESH SOCIAL FORESTRY PROJECT

Prepared by Kim Hom

Purpose:

Over-exploitation of forest resources by people and livestock has resulted in severe shortages of wood and fodder in India. A critical aspect of this problem is the deforestation of community and government lands that have traditionally provided villages with fuel, fodder, and small timber. Social forestry addresses this problem by emphasizing forestry at the local level by and for the village community.

In Madhya Pradesh (MP), the state government estimates that 26 out of 45 districts suffer from wood/fodder shortages. The goals of the Madhya Pradesh Social Forestry Project (MPSFP) are to increase the supply of firewood, fodder, fruit and small timber, to increase rural employment, and to reduce deforestation through social forestry. The project was designed with the explicit purpose of creating the institutional capability within government and in the community to assist villagers to manage village and private lands for sustained production of these products.

Summary Description:

This project calls for the establishment of a social forestry extension organization, the Social Forestry Directorate (SFD) within the state government's Department of Forestry. The primary responsibilities of the SFD are to establish village plantations and to help the panchayats (locally elected representative bodies representing 2-5 villages) to develop the long term capacity to manage the village plantations for sustained yield and to distribute

the produce equitably. By project's end, the panchayats are expected to control and manage the land for sustained, productive yield in perpetuity and distribute the produce equitably among the villagers, especially the poor majority.

The SFD is supposed to serve as the catalyst for the institutional transformation of the panchayats. Once established, the SFD is charged with developing and implementing: 1. an extension program to provide information and training at the District and local levels; 2. an implementation program to give logistical support to the extension service through seeds and seedling production; 3. an information and problem-solving network, consisting of advisory committees at various administrative levels, a monitoring and evaluation unit, and an applied research program; and 4. an administrative program to provide overall program direction and coordination. To encourage and to promote participation among the panchayats and the villagers, the SFD staff training will emphasize the importance of beneficiary participation and of understanding the socio-economic factors affecting participation. The project aims at having the SFD in place to operate as an effective ongoing unit capable of carrying out social forestry in Madhya Pradesh once the MPSFP ends.

The principal mechanisms used to promote and secure community participation and to foster a working relationship between the SFD and the panchayats are the panchayat level management plan and the Forestry Department-Panchayat Agreement. The SFD extension staff works with the village panchayats to develop the management plans. When finalized the management plans should contain the mutually agreed upon rights and responsibilities of each party and the

technical and administrative details for establishing, maintaining, and expanding the village plantations, i.e., the panchvan. The Forestry Department-Panchayat Agreement is the legal document by which the management plan is implemented. This written agreement between the panchayat and the SFD functions as a key communication linkage in the extension program. It is intended to foster an amicable and equitable working relationship between both parties based on specified responsibilities and benefits in the establishment and subsequent management of the plantations. The agreement is supposed to help convince the villagers that the panchvan program is for their benefit. The villagers are expected to view the project as a self-help one with government support as opposed to a government project with the villages receiving the benefits. Thus, the management plan and agreement are intended to bring about the desired community <sup>involvement</sup> ~~management~~. As this process unfolds, the panchayats are expected to develop the capacity to initiate the establishment and management of their village lands.

AID is providing loan and grant financing, roughly one half of overall project costs. A loan of \$24 million to the GOI finances local costs in establishing and maintaining plantations and nurseries and costs related to staff salaries, general operations, construction, and equipment. Grant financing of \$1 million covers specific training costs and salaries and expenses of short-term US and Indian consultants for project implementation assistance.

AID also monitors and evaluates the project. Mission foresters conduct periodic site visits to assess progress in meeting project outputs and objectives as well as GOMP compliance in maintaining project records and documents. These foresters also

provide technical and managerial assistance as appropriate. An AID engineer is responsible for evaluating the progress in the project's construction component. AID, collaborating with the GOI and the GOMF, is undertaking thorough mid-term and end-of-project evaluations. The first of these was recently completed in November 1983.

#### Project Status:

The MPSF Project Agreement was signed in September 1981. Project start-up was delayed for one year due to initial financial and staff recruitment problems. Based upon the limited operational experience gained over the last year, the recent mid-term evaluation found that the panchayats and the SFD are not performing as well as planned.

Although the panchayats have welcomed and supported the social forestry program, their participation in developing the management plans and implementing the management plans is limited and lagging. The initiative for establishing village plantations has generally come from the SFD instead of the panchayats. Of those panchayats that have begun to assume their role as land managers, many have not yet developed equitable means of distributing the produce from the community woodlots. These are critical concerns since the project is intended to be a self-help one and the equitable distribution of the village forestry produce is a fundamental task of the panchayats as overseers of the village forestry and may be critical to the protection of the plantations.

As a new institution, the SFD has recruited staff, developed an organization, and established plantations and nurseries.

However, its staff training and research programs still need to be developed. This has limited SFD's ability to completely carry out its responsibilities. Thus far, SFD has concentrated its efforts on establishing and maintaining plantations. Little if any attention has gone to assisting the panchayats develop technical and land management skills.

During its initial year of operation, the MPSFP has functioned in a top-down fashion, contrary to its institutional development aims. Thus, the evaluation has pinpointed the need for greater effort in helping both the panchayats and the SFD carry out their assigned roles as community managers and as implementing agency.

#### General Lessons:

1. Community-based management is an evolutionary process, not easy to initiate and to achieve, with the best laid plans.
2. Role assignment and task specifications between community level organizations and implementing agencies are not sufficient to build a sustainable infrastructure that supports community management. Specific attention must be paid to developing requisite capacities to play new roles.
3. Excessive reliance on the implementing agency makes program implementation a top-down process, undermining the process of developing community management capacity.
4. Resource institutions can to be tapped to provide technical

assistance and supplement the capabilities of both the implementing and community agencies.

5. Community level organizations selected to participate in projects emphasizing community management should be carefully scrutinized. Some work better, are more representative, are able to learn and perform new roles and tasks better than others.

Discussion:

The success of the MF social forestry project depends on the degree to which SFD and the panchayats perform and work together in their new roles. Although the management plans were designed by the SFD and the panchayats, specifying the rights and responsibilities of each party, too much emphasis has been placed on it as a vehicle for beneficiary participation. The evaluation found that panchayats were unprepared to carry out their new tasks as land managers. Some panchayats did not understand the purpose and value of the management plans.

Part of the panchayats' problem is that elected members serve without pay. While the Panchayat Act reorganized the Gram Panchayat as the village level institution, little financial and institutional support was provided to make the panchayats into effective community organizations. Additionally, since the panchayats are dominated by the social and economic elites, their ability to handle the project to benefit the entire community is questionable. While some panchayats have been able to equitably distribute village produce, other have not. This suggests at a minimum that explicit attention needs to be given to developing equitable distribution methods, a

task for both the panchayats and SFD. It also suggests that panchayats may have been assigned a role which they are ill-equipped to carry out. A major effort should go to developing and mobilizing community organizations to interact with the panchayats, such as farmers' organizations and women's clubs.

Building new capacities within the panchayats is one of the responsibilities assigned to the SFD as the implementing agency. The SFD was created especially to establish the village plantations for the panchayats, to teach the panchayats how to maintain them and to provide the technical and managerial assistance beyond the life of the project.

As the implementing agency, the SFD has had internal problems that undercut its own role. One is that SFD was established in the Department of Forestry. This state department polices and protects the forest and provides technical expertise in reforestation. This traditional role was interpreted to be the SFD's role as well by both the panchayats and the SFD staff which was initially composed of primarily forestry department personnel on temporary assignment to SFD. Even though the project stipulated SFD staff training in social forestry, SFD placed greater emphasis on establishing and maintaining new plantations rather than building up the panchayats as future land managers. The evaluation found that SFD staff had fallen into the role of the traditional foresters. This is hardly surprising since the foresters were assigned the task of fostering community management without developing their capacity to carry out that role before being thrust into meeting targets for establishing tree plantations.

These internal problems suggest that positions within the SFD

need to be created with the explicit responsibilities of helping the panchayats develop community management capabilities. Also, SFD's staff training program need to emphasize communication and managerial skills to assist staff members in working with the community. Such organizational improvements could serve to help SFD carry out its community management objectives and to lessen the top-down emphasis that currently exists.

In general, the SFD needs to be oriented and trained to carry out its role as teacher and supporter of panchayats as plantations managers. SFD needs to shed its paternal role and to learn to effectively communicate technical and managerial skills to the panchayats. SFD was not created to both establish and maintain the plantations. Future plantation maintenance and management are the panchayats' responsibilities. However, the panchayats must be taught how to carry out these tasks.

In summary, the MPSFP included many of the ingredients necessary for establishing local capacity to manage forest resources. A new organization was established with explicit functions to work with and for existing local organizations in developing and sustaining an institutional structure for future social forestry programs. Local participation, however, was left to develop automatically out of a management plan and agreement between the SFD and panchayats. This was either heroic or an oversight on the part of project designers. The basic problem is that roles and responsibilities were assigned before capacities were developed to carry them out.

The MPSFP assumed that, once properly staffed, SFD would be able to work with the panchayats. It also assumed that the

panchayats would be receptive and able to work with the SFD. The evaluation found that both need explicit help in performing their roles. Yet, the project design did not provide for this capacity building. The use of resource institutions, such as a management institute or university, could be one way of building up the SFD and identifying problems and developing sound community management strategy. Other institutions with community-level experience could be tapped to assist the community agencies as well. These resource agencies could serve as institutional mediators between the implementing and the community-level agencies to help structure and guide a process leading to approaches, capacities, and relationships needed to foster community management of village plantations.

#### Project Design Lessons for AID:

1. The MPSFP experience suggests that AID needs to reconsider its strategies for developing community management capacities. Project designers should avoid exclusive reliance on implementing agencies that supply services and should explore ways to mobilize community organizations that can articulate beneficiary demands effectively. As illustrated in the MPSFP, community management goals can easily be undermined by the top-down procedures followed by government organizations. Rather than becoming partners in the process, the community-level organizations remain passive and ineffective. Moreover, other resource institutions with community-level knowledge and experience get ignored.

2. AID should pay attention to the community-level organizations that it selects to participate in its projects. Since these agencies are closest to the community and the people and are to be

the ultimate managers of community resources, it is critical that appropriate ones are chosen. In the case of the MPSFP, the panchayats were assumed to be representative of their villages. Distribution problems indicated that some were not. The reluctance to assume their new role indicated that they were unprepared, suggesting that they may not have been the best community-level group to take on the social forestry project, at least not as the sole community representative.

3. AID should include the expertise of resource institutions and consultants in project design and implementation. Many government institutions involved with development activities and community-level organizations have little experience in working together. Resource institutions with knowledge of local community and experience in community management issues can work to provide another institutional link between the two working parties. This is important in making specific institutional tools, such as the MPSFP's management plan and agreement, effective in catalyzing lasting and productive relationships between the implementing and the community-level agencies.

4. Since community management is relatively new to AID, strategies to achieve this should be flexible. AID should include in its projects plans, provisions for the continual program assessments, not only by parties involved and resources institutions but also the projects' beneficiaries. Since community management is intended to better serve the community and the people, institutional mechanisms should be provided for on-going evaluation and for incorporating program changes.

5. Institutional role-taking problems are not uncommon for

established organizations acquiring new roles and responsibilities, and new organizations often have problems in establishing their roles and performing their tasks. With this in mind, the problem of role-taking must be anticipated in development projects emphasizing community management. Most community agencies and local people have little experience in working in and on projects that are aimed at assisting them. It cannot be expected that they will know how to act and perform just because they have been assigned or given the opportunity to participate in programs that will serve them. Role assignment does not mean that role-taking will occur. Successful role-taking requires a lot of teaching, nurturing, and support from the implementing agency. Thus, the implementing agency must be prepared to make the role-taking process possible and successful.

Since the implementing agency is a pivotal agent of institutional change, it follows that it must have a clear understanding of the requirements for taking on new roles and helping other entities to do so. In the case of the MP social forestry project, a new institution was created to work with the older ones. As a new implementing agency, the SFD had the disadvantage of organizational newness. It had problems of establishing its role identity and performing its expected responsibilities. The fact that the lead agency had organizational problems did not help the panchayats. Therefore, the problems in role-taking for both the community organization and the implementing agency were mutually reinforcing. This also reinforces the need for resources institutions.

Overall, AID should recognize that institutional role-taking problems must be anticipated in designing and in implementing

development projects. Community management implies different and new institutional arrangements and relationships among community organizations, implementing agencies, and other institutions. The success of projects emphasizing community management depends on the capacity of these institutions to assume their new roles and to work according to their new role prescriptions in the larger social, political, and economic structure beyond the life of the projects.

HIMACHAL PRADESH HILL AREA LAND AND WATER DEVELOPMENT PROJECT

Prepared by Kim Hom

The Himachal Pradesh Hill Area Land and Water Development Project (HHWP) is currently in the project design phase. This case study reveals some lessons about the design process as it relates to community management objectives. Significantly, it highlights the utility of an institutional analysis in the designing of smarter projects involving community-based management strategies.

Purpose:

As India's rural population increases, pressures on the land and water resource base of the hill areas also increase. This has made the development and management of natural resources in the hills a critical issue for public policy. The economy in the hills is dependent upon agricultural productivity which is dependent in turn upon a reliable source of irrigation water. Thus, water is a key resource requiring development and management.

The initial purpose of the HHWP as identified in the Project Identification Document is to improve the ability of institutions responsible for irrigation and watershed management in the hill areas of Himachal Pradesh (HP) to plan, design, construct, manage, operate, and maintain efficient and economical irrigation systems. As a result of design-related analyses considerable evolution is taking place.

The project is now proposing to develop a suitable institutional arrangement for hill irrigation development and management incorporating both agency and community investments and responsibilities. To accomplish this, the project aims to improve the capacity of irrigation-related state agencies to provide assistance to

private irrigators and irrigation groups in supporting their efforts to modernize agricultural and horticultural production activities. The correlated project aim is to strengthen the capacity of private irrigation groups to manage their own irrigation affairs and to deal with assisting irrigation agencies.

Proposed activities to achieve the project's goals include: 1. providing financial support for construction of several irrigation sub-projects to improve technical design process and to utilize improved water conveyance systems, using new procedures for promoting community participation, and responsibilities; 2. developing and training staff to improve their technical, community organizing, and management skills; 3. supporting special studies concerning technical and institutional issues; 4. conducting demonstration activities in selected sub-projects. A set of resource institutions, such as the HP Agricultural University, the Indian Institute of Management at Ahmedabad and the Water Management Synthesis II Project are to assist in the planning and the implementing of these project activities.

AID is to provide a \$30 million loan to the state of HP for the project. The loan funds are to support the cost of constructing and improving irrigation systems and other physical infrastructure necessary for storing and distributing water to the farmers' fields and supporting communication facilities (such as roads essential for the construction and operations of the project). AID is to make available \$4 million in grant funds for training, technical assistance, special studies and equipment.

AID will provide the services of both American and Indian irrigation and water management specialists. An USAID Project Officer, either an irrigation engineer or a water specialist or a community

development specialist, is to monitor the project. The Project Officer is to be assisted by Mission personnel with expertise in other areas.

Design Lessons for AID:

1. The use of institutional analysis can serve to highlight important patterns of institutional behavior and capacities (or lack thereof). Full integration of the institutional analysis in the design process is essential if the analysis is to be of any value in supporting community management objectives.

2. The institutional point of entry tends to condition project design. While institutions may work explicitly with the subject and issues of proposed projects, these organizations may not be the appropriate ones to undertake community management activities. AID should leave itself open to approach other agencies at different governmental levels when proposing new projects. In doing so, AID may encounter agencies with policies and activities that promote community management and participation and that already have experiences in working with the community. By working with existing agencies that have community management expertise, fewer project activities will center on building the capacity of the implementing agencies and more resources and activities can focus on the community management objectives.

3. Projects with community management objectives require a different type of technical assistance. AID should be cognizant that in using a new approach in development projects, implicitly the scope and focus of the technical assistance that should be provided change. Implementing agencies working as catalysts have neither the mandate nor the capacity to systematically inquire and innovate. As

catalysts, implementing agencies should be able to define problems more clearly within the cooperating community level institutions and should be able to work with these local institutions. Technical assistance is needed to facilitate learning from the experiences of these local groups in searching out solutions. Thus, finding solutions to community management problems should be a trial and error process. Solutions should not be merely imposed by the implementing agencies. This serves to reinforce the top-down approach which impedes the development of community management capacities.

4. Resource institutions can provide a useful role in this regard. Americans do not have a monopoly on the knowledge and experience needed to play this role of facilitator. Expanding the pool of knowledge and experiences available to the implementation agency helps bring new perspectives to bear in defining problems and finding solutions. AID should seek out other resource institutions of the host country to assist in project design and implementation.

5. Some projects emphasizing community management require the reorientations of institutions. AID can use the institutional analysis to identify the allies, key people in institutions for building a coalition for change. Those institutions that are likely to be more interested in community management approaches and can help promote and build a coalition to support and operationalize projects with community management objectives.

6. Provisions for an implementation committee, consisting of interagency members, can provide a wider perspective on project issues. (Institutional analysis can identify these user friendly agencies.) As one implementing agent of community management projects, it should be given funds to promote experiments and to look

for ongoing lessons to further enhance community management objectives. Project plans should have the flexibility to incorporate these lessons during implementation.

#### Use of Institutional Analysis:

AID has identified institutional development as an important means for achieving desired irrigation development outcomes in India. This strategy assumes that the existing institutional setup in irrigation determines the performances and outcomes associated with irrigation projects. Accordingly, it assumes that to improve performance and outcome, the present institutional arrangement may require change.

The purpose of the HHWP's institutional analysis was to examine the current institutional setup in HP and to relate these institutional arrangements to key aspects of irrigation performance. Institutions refer to both specific organizations and to broad policies, rules, laws, or conventions for taking actions. The four key institutional aspects of irrigation performance identified as desirable by AID includes: 1.increased attention to irrigation system operations and management and water utilization; 2.increased beneficiary involvement in project design, implementation, and subsequent operations, including the mobilization of local knowledge, experience, and resources; 3.greater mobilization of private sector resources; and 4.improved procedures for planning, designing, and constructing irrigation systems responsive to changing agricultural needs. While HP's irrigations agencies have achieved much, the institutional analysis found that the present institutional arrangements limit the accomplishments of these four desired outcomes.

The institutional analysis brought into focus the institutional environment within which the project would operate, namely HP's irrigation sector. The analysis of HP's policies and key actors provided important insights for tailoring the project for achieving community management objectives. Specifically, the analysis found that the existing government agencies have not used community management strategies for irrigation development. Beneficiary participation and mobilization of local resources have been minimal. Little attention has been paid to the operation and management of water systems. Instead, the focus has centered on construction. Procedures for planning, designing, and constructing irrigations that meet local needs are lacking. Therefore, if the HHWP is to succeed in assisting the state agencies in developing community management strategies, the project must be designed to take on the task of reorienting and retooling these agencies. Additionally, the analysis identified other institutions involved with irrigation-related issues. These institutions are presently not formally involved with irrigation development and could help the state agencies in developing community management strategies and procedures for irrigation development and management.

#### Discussion:

Currently, three state agencies are involved in irrigation activities: the Irrigation and Public Health Department (ID), the Soil Conservation wing of the Agricultural Department (AD), and the Rural Development Department (RD). These three agencies carry out different irrigation related activities, using different strategies regarding community participation and post-project responsibilities. AD and RD

usually implement small scale projects, leaving the management responsibilities to the water users. In contrast, ID undertakes larger projects and assumes the responsibilities for operation and maintenance of new or rehabilitated facilities with a minimum water charge levied. Thus, no comprehensive irrigation development strategy exists. This can be attributed to the fact that these agencies are housed in large departments with other competing goals. The analysis suggested that HP assign the responsibility for irrigation development and support to a specialized agency. Past research has also found that irrigation development is best accomplished when the task is accorded to a central agency with an interdisciplinary staff to work on planning and implementing both the construction and management.

While no single agency exists to work exclusively on irrigation development, ID has assumed a more dominant role in the state irrigation affairs. Of the three agencies, ID devotes more of its efforts and budget to irrigation. However, completed ID projects are not performing as well as planned. Actual areas irrigated are substantially less than planned and erratic water supplies have not increased agricultural production and farm incomes as anticipated. While these shortcomings are attributable to technical problems, the institutional analysis clearly showed that the organizational and institutional setup is also an important contributing factor.

All three agencies work with community kuhls. Community kuhls are small irrigation systems of water canals that have been constructed and are operated and maintained by the beneficiaries. Existing kuhls vary in condition. They receive assistance from the three agencies. However, each agency has a different assistance strategy and a different orientation towards beneficiary

participation. Specifically, AD and RD assistance do not result in any change in management's responsibilities. ID's assistance is contingent on the irrigation community's resolution to turn over operation and management of the system to ID.

Essentially, ID has a "takeover" policy in which it assumes full right and responsibilities to operate and maintain the irrigation works at all levels. ID's rationale for this is its belief it can manage the water system better than the community and ensure that its investment is not wasted. ID's activities replace former community responsibilities and make the water users directly dependent upon the future actions of ID. This displacement process runs counter to promoting and supporting community participation in irrigation development. It also reduces the incentives of other communities to continue their irrigation efforts in anticipating future assistance. Clearly, government takeovers of community kuhls is not the solution to improving irrigation, especially since ID's projects are not performing well.

What community kuhls require is both technical and organizational assistance in maintaining, operating, and managing their water system and in equitably distributing the water supply. However, none of the three agencies is capable of dealing with this organizational dimension. The institutional analysis found that all three are institutionally unprepared to deal with problems of poor water utilization and irrigation management through their current strategies. They lack the mandate and the staff capacity to do so.

Another problem is that these agencies view irrigation development as construction. However, irrigation management is an integral part of irrigation development. Accepting irrigation

management to be an important component of irrigation development can help the agencies to refocus their activities. Thus, in order for them to assist the kuhls more completely, the agencies need to expand their conception of irrigation development to include irrigation management and to incorporate activities reflecting this broader view.

The state agencies vary in requiring the mobilization of local financial resources. Both RD and AD require that farmers share the costs of irrigation projects through low cost loans and mobilization of local resources. This gives the water users a stake in the system. ID does not mobilize any local resources. While low fees are set, they are seldom collected to help maintain the system. Thus, communities assisted by ID effectively do not share the cost of irrigations.

Other resources not utilized by these agencies are the human resources that come from local knowledge and experience. All three agencies have no procedures in their planning and design processes that mobilizes the human resources of the locality. This top-down operating fashion fails to profit from local resources. Better irrigation systems could be designed using local knowledge of the locality and its water needs and use.

The analysis also identified several resource institutions involved with irrigation-related activities. These include the HP Agricultural University, the two Polytechnic Institutes located in Sundarnagar and Hamirpur, the Agricultural Department's extension service, and the Department of Horticulture. These are important resource institutions because they each contribute to the different parts of the irrigation development and management process. At the University, the Soil and Water Management Department has been involved with studies concerning watershed management, plant-soil-water

relationship, and water losses in certain flow irrigation schemes. The Institute provides training in irrigation engineering. Many of the graduates are to be employed by the state agencies. While irrigation is supposed to increase agricultural production, the three state agencies pay little attention to this. Thus, the Agricultural Department and the Department of Horticulture provide a broader perspective of irrigation development which is neglected and needs to be incorporated.

Summary:

The institutional analysis squarely identifies the real problem and redefines the project's focus. Initially, the HHWP proposed to improving the abilities of irrigation-related state agencies to plan, design, construct, manage, operate, and maintain efficient and economical irrigation watershed management systems. Thus, the focus was on the state agencies. As a result of the institutional analysis, the project now intends to develop the institutional arrangement that effectively combines state and private investments and responsibilities for further development and protection of agricultural lands and water resources. Community participation is to be an integral component of this project, contrary to current ID's activities that work to eliminate community participation.

To promote beneficiary participation, the project must accept that these agencies need to be reoriented and their organizational capacities need to be built-up to effectively work with the community. These agencies need to change their procedures in designing and implementing new irrigation projects by incorporating water use data and agricultural statistics provided by the water users. They need to

acknowledge and to use the resources of community groups in irrigation development activities. Also, resource institutions can provide better management and agricultural inputs as well as provide allies in promoting and developing community management irrigation development strategies. These institutions can provide insights for developing procedures that support state and private water activities. Thus, as the project stands now, the prime objective is to develop an institutional arrangement that fosters an appropriate mix of public and private sector incentives, control, and management in irrigation development.

MEMORANDUM

January 16, 1984

TO: Participants in Bangkok Mission Director's Conference

FROM: Eugene Staples, Asia/DAA

RE: Session on Community Management, Thursday Morning, January 19, 1984

As agreed at the previous Mission Director's Conference, the Asia Regional Committee on Community Management has been formed. The USAID Missions in Dhaka, Jakarta, Manila, and New Delhi accepted the invitation to participate and are each preparing cases on two community management projects of their choice. Those cases presently available are attached, along with a report by the Committee Secretary. I urge you to read these materials in preparation for the Thursday morning session on "Community Management." At a minimum it will greatly facilitate moving directly to discussion of substantive issues if all participants are familiar with David Korten's summary report which outlines the purposes and operation of the committee, presents some basic definitions, summarizes the completed cases, derives four propositions based on the case analyses, and discusses possible policy implications.

The four propositions derived from the cases by Korten are:

Proposition I: If the agency implementing an AID Development Assistance Project has not demonstrated a capacity to support a community management approach prior to receiving AID assistance, it is unlikely to demonstrate such capacity during project implementation unless development of that capacity receives serious attention as a central focus of the project activity.

Proposition II: Success in developing the capacities of an AID recipient agency to utilize a community management approach is a direct function of the extent to which project design and monitoring procedures: 1) focus attention on understanding relevant community management processes and the impact on these of external assistance interventions; and 2) support the development and continuing refinement of specific methodologies for providing assistance at the community level in ways supportive of project purposes.

Proposition III: The technical requirements of community management projects in most instances are met more effectively through use of local resource institutions (country based training, research, and consulting groups) than through traditional external technical assistance sources.

Proposition IV: The degree to which community management projects achieve their goals in settings where established capacities to implement them are not already in place is a direct function of the amount and professional quality of the time devoted by USAID staff to participating as professional collaborators and facilitators in policy dialogue and institutional development processes at all stages of project design and implementation.

These propositions are based on a very small number of cases. They are considered tentative, subject to further testing, and are presented here only as a stimulus for discussion.

I suggest the following as the specific agenda for this session.

A. Substantive Issues Relating to AID Support of Community Management Projects

1. Views regarding the validity of the four propositions.
2. Discussion of implications of those propositions considered to be generally valid.

B. Suggestions Regarding Future Activities of the Regional Committee

1. Should documentation on these cases be further elaborated and periodically updated? What issues should be given particular attention?
2. Are any additional Missions interested in participating in future activities of the Committee?
3. Do any of the participating Missions wish to make changes in their choice of cases presented for review?
4. Should community management be placed on the agenda of the Mission Director's Conference next year?
5. Would the participating Missions favor a meeting of the Committee itself to facilitate more indepth exchange between committee members. Would they be prepared to fund the participation of their staff?

Any additional suggestions regarding the agenda for this session will be welcomed.

## memorandum

DATE: January 8, 1984

REPLY TO  
ATTN OF: Hugh S. Plunkett, PRO — *HP*

SUBJECT: Local Management Case Study - Rural Electrification

TO: Asia Regional Committee on Community Management

Attached is a brief case study of local management and institutional linkages in the Bangladesh Rural Electrification Projects. The intent of the paper is to stimulate discussion on how factors affecting local management components of AID projects may be understood and coped with as part of implementation.

A second case study dealing with a recently begun activity using PL 480 Title II Section 206 funds for construction of bridges and culverts through local bodies was proposed originally. Investigation indicated that an adequate analysis of this activity would entail field research at local sites. This research could not be carried out within the time available before the Directors meeting. However, the study may be mounted as part of project paper preparation for the FFW-III project, and using insights gained from the initial discussions of local management cases, during Spring 1984.

Distribution:

EStaples, DAA/Asia, AID/W  
DKorten, USAID/Jakarta  
Mark Svendsen, Asia/TR, AID/W  
GCarner, Asia/BI/I, AID/W  
JEricksen, DAA/S&T, AID/W  
Susan Phan, ASIA/DP, AID/W  
Michael Morfit, USAID/Jakarta  
JWestley, USAID/New Delhi



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Institutional Involvement and Local Management  
In the Rural Electrification-II Project in Bangladesh  
A Case Study for the Asia Regional Committee  
on Community Management

Hugh S. Plumbott  
Dhaka, December, 1983

A. Introduction

This paper discusses local management linkage aspects in the implementation of a large, complex infrastructure project. Description of the project itself is minimal. The sources used for this presentation include:

- 1) Project, counterpart agency, and consultant documents and analyses;
- 2) Focused observation of selected PBS meetings;
- 3) Interviews with Rural Electrification Board (REB), Rural Electrification Society (PBS) staff;
- 4) The experience of the drafter as a member of the Project Committee for Rural Electrification from 1/1980 to the present.

Drafts of this study were reviewed and commented upon by Graham Thompson, J.D. Perry, George Barwicke, and Walter Boehm of USAID, and Kenneth Cureton of NRECA. Responsibility for errors and inaccuracies remains with the drafter.

B. Background and Project Purpose

Rural Electrification I (388-0021), the predecessor of the current project, was authorized in FY 78. It provided \$ 50 m of grant and loan funds for development of electrical distribution systems in 13 rural site areas. RE-I was amended in 1980 to permit additional connections, and its funding was increased to \$ 69.3 m. The BDG provided approximately \$ 25 m for REB costs, construction services, materials, and loans to local cooperatives. RE-I initiated a rural electrification program based on autonomously functioning Palli Biddut Samiti (PBS), or Rural Electrification Societies, identified through preproject feasibility studies. Prior to RE-I, the only electrification in Bangladesh was provided by the Power Development Board, and was located primarily in urban areas.

RE-I concentrated on supplying essential commodities and establishment of the basic technical and organizational framework for rural electrification. The Rural Electrification Board was created; consultant services through NRECA and Commonwealth Associates Inc. (CAI) for engineering and managerial tasks were initiated; and construction of lines and facilities in the 13 site areas began. The first PBS was put on stream in June 1980.

RE-II, funded at upto \$ 50 million, began in FY 1981. Approximately 67% of the funding was for construction, power use, and support commodities, and 25% for TA. The BDG contributes \$ 18.9 million equivalent in LC for materials, services, REB operational costs, and development loans to PBS's.

RE-II shifted emphasis from commodity input and basic construction to development of administrative and financial viability of the original 13 PBS, as well as expansion to four additional areas. On the strength of performance in RE-I, Kuwait, Finland, and IDA have begun parallel and complementary participation in REB efforts, with funding totaling about \$ 74 m.

The purpose of RE-II is to provide electric power to rural areas for production, employment creation, domestic and community services. USAID has stressed development of the productive use of electricity for irrigation and industry over domestic uses. Technical assistance for construction, operation, maintenance, institutional development, and program planning is provided by NRECA and Commonwealth Associates advisors. The NRECA/CAI team numbered 20 persons in December 1983. Most are assigned to REB headquarters in Dhaka, but travel extensively.

The RE Projects have achieved major policy changes since 1978, including the creation of autonomous local PBS bodies; government encouragement of electrified irrigation and private industry; improved electric service delivery

through REB and the PBS structure; and beginning a standardization of engineering design and commodity specifications in the public utility sector. The RE Project is considered a "showpiece" project, with significant impact upon the rural economy of Bangladesh.

C. Local Management Issues in the RE Project

Complex large scale projects have complex large scale problems. The Rural Electrification effort in Bangladesh (RE-I - RE-II) is technically, logistically, managerially, and financially gigantic. Its impact in local site areas is marked, as recent surveys have noted. As the project has progressed, however, serious issues affecting the current operation and future course of rural electrification in Bangladesh are now emerging. The remainder of this paper will discuss those issues, and indicate measures taken to address them. These are not "lessons learned"; they are "lessons being (hopefully) learned" in time to alter the project to achieve its purposes better.

The model for the PBS is the autonomous rural electrical distribution cooperative, as found in the USA. The RE-II PP states that "As the owners and operators of rural electric distribution systems, PBS/s are unique in Bangladesh as being non-governmental, publicly owned rural organizations with multimillion dollar facilities and operations." Further, "PBS development has been carefully planned to create local PBSs with the authority, means and incentives to be responsible to local demands for good service". (p. 11) However, the PP notes that while the concept of PBS autonomy is strongly supported by the REB, in practice PBS's are expected to remain financially and operationally dependent for many years, and subject to a number of controls.

The PBSs are responsible for management, operation, and maintenance of the physical system in their areas, ultimately + 800 line miles, and including the 33/11 Kv substations. They are to promote, meter, bill, and collect from

consumers, enforce safety and other standards, keep financial records, and repay development and other loans to REB\*. PBS Board of Directors is responsible for making policy, and for hiring and supervising a professional General Manager and his staff. Board composition is representative of the rural population, and board members are generally conscientious in attending meetings and serving their constituencies. The key point in the relationship between REB and PBS is noted in the RE-II PP:

"Treading the fine line between too much REB control and too little will be a difficult aspect of project administration." (p. 64). At this point in the RE Project, the balance seems weighted in favor of REB control. Four major factors may be identified: formal links, administration, the role of expatriate advisors; and bureaucratic cultural traditions.

The BDG's implementing ordinance specifically vests oversight of the PBS in REB. The REB formally registers each PBS. PBS By-Laws cede authority for overall supervision to REB. The loan contract executed between each PBS and REB further reinforces the administrative dominance of REB and subordination of the PBS in formal terms.

Administratively, REB has continued to exercise a heavy hand even in the longer established PBSs. Many decisions taken are on technical matters, and beyond the competence of PBS boards and staff. PBS plans are prepared by engineering firms in Dhaka hired under REB contracts, with little or no involvement of PBS staff, and possibly without taking local conditions into account. Often Power Development Board distribution lines in PBS areas are taken over for individual PBS through REB decisions, and PBS resources must be used to renovate them, without adequate prior research on costs or efficiency. REB acts as the

---

\* See chart 1, attached.

prime contractor for PBS construction work, placing the PBS in a subsidiary role without adequate involvement in decisions. REB officials frequently have arranged consumer connections in PBS areas to oblige prominent persons, usurping PBS authority. REB management of PBS construction materials, placement and transfer of PBS personnel, fixing PBS pay scales to coincide with REB rates, and determination of line extension policies are also notable instances where the PBS functions not as an autonomous entity but as an extension of the REB organization. The financial burden and operating difficulties resulting from REB's actions must be borne by the PBS.

PBSs are often viewed as sources for patronage by REB and BDG officials, so that pressure is applied from outside for the PBS to service special needs. Some BDG agencies located in PBS areas fail to pay their bills on time, but the PBS management is hesitant to cut off service. In several instances the PBS continues to make connections, bill, and collect payment on lines ostensibly turned over to the PBS. Violence against PBS employees who attempt to enforce rules or to carry out their duties is condoned tacitly by local authorities.

In-house consultant evaluation of the PBS support function within REB found serious deficiencies in management coordination. This, combined with legal and administrative dependency, seriously inhibits the "maturation" process for even relatively long-established PBS.

The key linking role in the system is that of the PBS General Manager. Most but not all are technically qualified and hard working professionals, with considerable experience. Effective performance by the PBS General Managers has been a significant factor in the implementation of the RE Project. However, although the General Managers are in theory appointed by and responsible to the PBS board of directors, in fact they are put in place as hand picked choices of

the REB Chairman, are transferred on REB orders, and at best have divided organizational loyalties. The high turnover in General Managers, and of other staff within REB, creates serious problems of continuity.

Other PBS staff de facto spend much time working for REB. PBS warehouses contain both REB and PBS commodities, and storekeepers may work much of the time on REB jobs.

The expatriate consultants assigned to the project are intended to support the development of REB, enabling it to perform as a coordinating and technical assistance organization analogous to regional electrification authorities in the USA. The expatriate staff is of high quality and technically experienced. However, many are recruited from US distribution cooperatives. As a result they have slipped into the role of trouble-shooters and advisors to individual PBS, rather than advising REB on development of its own capability to perform such services. As a result, PBS dependency is continued, while REB is not strengthened to be able to operate over the long term, after the advisors are gone. In addition, development of key REB planning, financial, operations, and technical standards functions is not progressing at satisfactory rates.

A fourth important factor affecting the linkage between the local PBS management and the REB level is that of bureaucratic cultural tradition. Bengal is the home of "red-tape"; it is a region with a long history of hierarchic and authoritarian administrative traditions. The concept of decentralized, autonomous management of public utilities is very new. Deference from PBS level, both by officers and by directors, is expected behavior. There is little encouragement of independent planning or operation in any PBS. This tradition of expected dependency and deference is reinforced by the level of technical sophistication and managerial expertise called for in a complex electrification project. The PBS staff and boards of directors expect that REB will exercise

control, in accordance with tradition. REE staff assume that, despite formal statements stressing PBS autonomy, it is REB's role to administer PBS as if they were simply extensions of the larger organization. But REB's management is poorly coordinated internally, plagued by staffing problems, and unable to provide either effective control of PBS operations, or to give it the backstop support anticipated in the project's design.

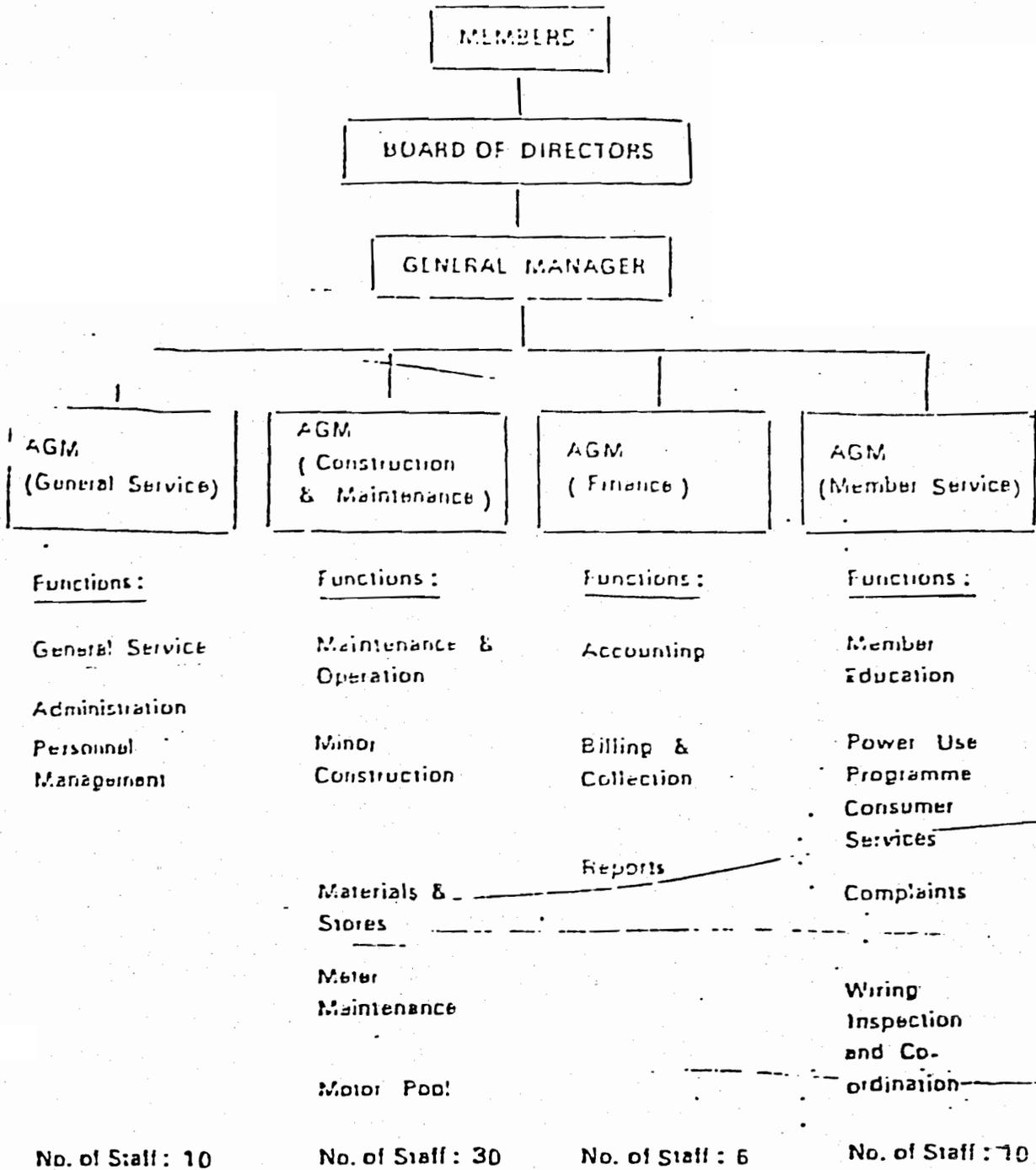
D. Current Plans for Addressing Local Management Issues

AID, the BDG, and the consultants to the project are committed to its successful completion. "The best is the enemy of the good", and realistically it is neither expected that the PBS will emerge as carbon copies of US electrical cooperatives, nor that they will become financially viable, technically self-reliant, or even administratively very efficient for many years. The approach taken by USAID is to undertake a mid-project evaluation of management and technical performance and, on the basis of the evaluation, to examine the future role of the consultants and the priority elements for implementation of the later phases of the project. A first step has been to obtain a combined status summary and problem analysis through the recently completed NRECA/CAI annual evaluation report. This will be followed by an external mid-term project evaluation, building on the findings of the NRECA evaluation and an in-house examination of REB fiscal procedures, and leading to recommendations for changes. This, in turn, will provide USAID with the information needed for approval of a major contract amendment being negotiated between the BDG and NRECA/CAI during Spring 1984.

The Rural Electrification Project should, USAID believes, focus more directly in future upon the development of the PBSs already established and operating. The project will aim at increasing productive uses of electricity

in PBS areas. It should also concentrate on using its resources via consultant TA, (1) to develop REB's ability for sustained support of PBS development and (2) enabling PBS's to assume greater administrative autonomy, technical proficiency, and financial viability, within the life of the project or soon thereafter.

FEDERAL ELECTRIC SOCIETY - J.M.  
 (Serving 30,000 to 50,000 meters)



NB: The RES from the onset of their operation do not recruit the full complement of the set-up but progressively recruit them on clearance from REB for each position.