

CARE INDONESIA (A)

In Search of a Third Generation Strategy

It was October 1986 and CARE Indonesia was expected to have its new multi-year plan ready to send to CARE headquarters by the beginning of 1987. CARE Indonesia's senior staff had been working to define a new country strategy since Justin "Jay" Jackson arrived in August 1985 as the new country director. Jackson had been given a mandate by CARE headquarters to revitalize the Indonesia program, which was perceived as having become overly concentrated on the installation of 30 to 40 village water systems each year. Although this work had received high marks for its quality, there was concern that within the context of a country of 170 million people the impact was relatively inconsequential when compared to the need. A variety of recently initiated projects added new dimensions to CARE Indonesia's program, but had not shifted its central focus.

A series of senior staff retreats, beginning in September 1985, had helped to prepare the way for change and led to agreement that CARE Indonesia's new program approach should develop three themes:

1. Establish a self-sustaining mechanism that would provide government planners accurate information on community based rural water and sanitation development, highlighting policy options for the Government of Indonesia, and alternative methods of project implementation.
2. Collaboration with selected Indonesian Private Voluntary Organizations (IPVOs) in various types of projects.
3. In-service training programs for district government and non-government organizations (NGOs) that would enable these agencies to improve or develop their capacity to independently implement reliable community based projects.

The most recent senior staff meeting had involved extensive discussion of a number of frameworks for strategic analysis presented by an external consultant who had been invited as a resource person. See Exhibit B for a summary of these concepts. The staff had found these discussions quite stimulating, but remained unclear as to specific applications to their own situation.

It was now time to take the many ideas and concepts and forge them into a coherent country strategy statement. This was to be a central theme of the forthcoming senior staff meeting in Bandung, and members of the senior staff had been asked to come prepared for this task.

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Background

CARE International

CARE International was the world's largest nonsectarian, nongovernmental, nonprofit development and relief organization. Its programs were carried out in 37 countries on four continents with annual expenditures of some \$325 million. Originally CARE had been founded to distribute surplus military rations to the needy of war-torn Europe. As Europe's recovery was secured CARE's attention shifted to the poor of the Third World, and it took on an increasingly developmental orientation.

CARE defined itself as an operating agency, as contrasted to a foundation or donor. This meant it funded and managed the implementation of its own project activities rather than providing financing to other organizations. By 1987 this policy was being debated and consideration given to experimenting with new approaches. Such experimentation was facilitated by the fact that CARE field operations were highly decentralized, with each country office exercising considerable autonomy in the design and implementation of its own program.

Indonesia

Indonesia was an archipelago of over 13,000 islands with a population of 170 million people. Indonesian development policies assigned to the state the central role in initiating, directing, and financing all development activities. Substantial attention had been given over a period of two decades to strengthening state bureaucracies and centralizing the responsibility for development planning and implementation in their hands. Oil revenues provided the major source of financing, little attention was given to the mobilization of local resources and there was a general stifling of local initiative. Development programs were highly standardized on a national basis, in spite of the rich diversity of local needs and conditions in Indonesia's far flung archipelago.

A dramatic decline in world oil prices in the mid-1980s severely reduced the ability of government to continue assuming the burden of financing local development exclusively from central resources. This led to some re-examination of the position that development was the exclusive province of government, and a growing inclination to encourage greater initiative from the private sector, including private non-profit development agencies.

CARE in Indonesia

CARE began its operations in Indonesia in 1967 with a project that distributed milk products to 475,000 primary school students in Jakarta. Coverage was gradually expanded to West and Central Java. In 1968 self-help/rural community development activities were initiated in West and Central Java consisting of small rural development projects in the fields of agriculture, rural infrastructure, and appropriate technology. Various emergency relief efforts were carried out over the years in response to natural disasters. An orthopedic training and technical assistance project was initiated in Jakarta staffed by medical volunteers from Australia and the U.S. Related medical activities were later introduced in Central Java and West Sumatra. CARE's medical activities in Indonesia were all phased out in 1977.

CARE Indonesia's first formal partnership with a provincial government was developed with West Java in 1976 in an agreement to collaborate on a program assisting communities in self-help efforts to construct and rehabilitate rural primary schools. In 1978 an umbrella agreement was signed with the Ministry of Home Affairs covering CARE cooperation with provincial governments, and the GOI requested CARE to direct its program efforts toward the outer islands (Off-Java). In response CARE signed separate agreements with each of the Provincial Governments on the island of Sulawesi to collaborate in the Sulawesi rural community development project sponsored by CARE-Canada with funds obtained largely from CIDA--the Canadian development assistance agency. Generally, agreements with individual provincial governments included provision for the allocation of funds to CARE as counterpart contributions to approved projects. CARE was the only foreign PVO in Indonesia to receive and manage GOI funds.

Water supply became the cornerstone of CARE activities in Indonesia from the late 70's to the mid-1980s, a response to statistics indicating that in 1977 less than six percent of the rural population had access to clean water and sanitation facilities. A drylands farming systems project was initiated by CARE in NTB in 1983 with funding from USAID to address problems of soil and water conservation.

In early 1985, the Country Director from CARE Bangladesh visited Indonesia and sent a report to CARE Headquarters noting CARE Indonesia's narrow concentration on the construction of water systems and the relatively limited impact of the program. USAID/Indonesia, one of the program's major donors, had also let CARE know that it was not interested in funding village water systems indefinitely, and urged CARE to increase its counterpart funding.

At about this same time USAID announced that funding was available for a major world-wide child survival initiative. A successful proposal from CARE Indonesia funded a child survival project which began operations immediately in West Java.

Responsibility for the implementation of CARE projects in Indonesia fell to five regional offices located in Sulawesi, NTB, West Java, East Java, and Bali. Each regional office was headed by a chief representative and had its own staff. As of October 1986 CARE Indonesia had a total staff of five expatriates and 150 Indonesians, and an annual budget of \$2.6 million.

CARE Indonesia Program in 1986

In 1986 CARE's country program consisted of four individual projects. Several new projects were in various stages of conceptualization and planning.

Sulawesi Rural Community Development Project

This project had been in operation since 1978, with water and sanitation as its central focus. In later years, health and income generating activities were added. Seventy-four piped water systems and 126 hand pumps had been installed. During that time CARE estimated the project had benefited over 137,000 villagers in the four provinces of Sulawesi.

Gastro-intestinal and parasitic diseases resulting from poor sanitation had been identified by a government study as among the main causes of morbidity and mortality on the island of Sulawesi. Yet the percentage of the government's development budget allocated to development of water supplies was only 3 percent for Central Sulawesi province, 1.8 percent for South Sulawesi and 1.7 percent for Southeast Sulawesi, and most of this was allocated for urban areas. Allocations for sanitation were only 2.5 to 5 percent of these amounts.

Over the past three years the project had sought a gradual integration of its water systems development activities with related concerns for environmental sanitation, health and nutrition, and income generation. These activities included installation of household latrines, household water drainage systems, garbage disposal, family nutrition gardens, family animal pens, construction of house entrance paths, and construction of cloth/ mattress drying racks. There had been increasing focus on encouraging community contributions to meeting construction costs of the water systems and related facilities. There had also been growing success in obtaining financial contributions from local government to cover construction costs. All communities receiving CARE constructed systems were expected to collect user fees to cover the costs of operation and maintenance.

Health activities involved the training of village volunteers for a variety of activities. The main activity common to the assisted villages was monthly baby weighing. In some villages these meetings provided the occasion for a visit by the local health center doctor to immunize children and treat illnesses. Several of the volunteers were distributing oral rehydration packets obtained from the local health center. Support for these activities was provided by the same staff responsible for water system development. There were neither specialized health workers nor supervisors on the CARE staff assigned to the Sulawesi project. A trip report by CARE's regional health advisor from Bangkok concluded that:

CARE-Sulawesi is successfully recruiting, giving orientation training to, and initiating village cadres in work promoting CARE activity targets, but it is not training, supervising and monitoring them in carrying out educational processes nor ensuring that the government health staff will continue to support the cadres when CARE leaves the villages.

The Sulawesi project was also giving increasing attention to income generating activities such as the production and sale of cash crops, forming local cooperatives, and production and marketing of local products. It was hoped that income generated from these activities might be used to increase the community's financial contribution to system construction.

Water and Sanitation Project

Since it was initiated in 1978, CARE's AID funded rural water supply and sanitation project had installed or was completing installation of 148 piped water systems, 1,294 hand pumps, and 482 rain catchment tanks benefiting some 450,000 persons in the provinces of West Java, NTB, Bali, and East Java. An independent evaluation of the USAID-funded CARE systems rated them high in technical quality, and an excellent investment given costs and system longevity. The systems included in the evaluation had been in operation for a minimum of 14 and a maximum of 43

months. Of these, 62 percent were rated fully functional, 27 percent partially function, and 11 percent minimally functional. These figures were considered high relative to international experience. The report also observed that the communities in which the systems were installed had a strong sense of ownership in them.

In the past CARE itself had made no provision for follow-up visits to a community once planned facilities were completed. However, an interim proposal presented to AID earlier in 1986 had promised that CARE staff would conduct post implementation surveys on completed systems in the future to determine disease prevalence, the condition of water and sanitation facilities and patterns of their use.

Criteria for selecting the communities that would receive assistance included a combination of need for improved water supply, interest, and the technical and economic feasibility of installing systems of the type CARE was able to provide. Attention was given to involving the community in the planning and implementation of projects. In most cases the community provided labor, land, and locally available materials, with community contributions running 10 to 15 percent of total direct costs. Local governments provided funding to CARE to cover up to 40 percent of all materials costs. But there was little direct collaboration between CARE and the government on system implementation or dialogue on policy issues.

CARE staff had observed that several communities contiguous to those which CARE has assisted had been so motivated to improve access to water that, on their own initiative, they independently financed the installation of piped systems patterned on those of the CARE assisted villages. Some of these villages had requested and received technical assistance from CARE.

The Indonesian government estimated that by 1984 32 percent of the rural population had access to clean water. These figures, however, did not take into account installations that were no longer functioning, or were serving less than their designed population. With little provision for maintenance, failure rates were assumed to be high. The government's target was to have 60 percent coverage of the rural population by 1990. Yet its targeted expenditure for water and sanitation was only 3.8 percent of the total development budget, and 90 percent of this was dedicated to urban areas which accounted for only 24 percent of the population.

Since the government had set these targets, a sharp decline in oil prices had resulted in cuts of 50 percent or more in the government's development budget. A review of the water sector by WHO and GTZ done prior to these cuts concluded that the Government of Indonesia's targets in rural water supply and sanitation "cannot be met without a massive increase in manpower, a sizeable increase in construction funds and a strengthening of the management of the program."

CARE staff, led by Pak Iskandar, the National Program Coordinator for Water, had identified a number of factors that limited the effectiveness of government assistance in meeting village water needs:

- o Reliance for construction on contractors who work with little supervision and have no incentive to get community input.

- o Use of arbitrary design standards without regard to local needs and conditions.
- o No effort to obtain community input to design. No community financial contribution. And no social preparation of communities.
- o Allocation of only 2.5 percent of the government's water budget for maintenance.
- o Targets and incentives for system development that address only new construction and take no account of whether previously constructed systems continue to function.
- o Poor training and supervision, and inadequate incentives to encourage government employees to visit and work in the villages.
- o Unclear and often overlapping division of responsibilities between ministries and other levels of the government; and a separation of responsibility for funding, design, and implementation--with no one accountable for actual performance.
- o No provision for water use planning, or for rational allocation and enforcement of water rights.

In 1985 CARE Water and Sanitation field officers in West Java began implementing a number of health activities in conjunction with their water projects. These included baby weighing, environmental sanitation, collection of data on local health conditions by village extension workers and the formation of women's work groups.

In February 1986 CARE submitted a proposal to USAID requesting interim funding for 15 months to continue the water and sanitation project while CARE staff continued with their assessment and redirection of CARE's strategy in Indonesia. This proposal made the following observations regarding this strategy:

CARE's new programming strategy will focus on the development of the host country's existing water and sanitation agencies. In addition, CARE will collaborate with local Indonesian PVOs in an effort to extend and expand their existing programs in the rural areas. It is CARE's intention that both the government and the Indonesian PVOs will be able to eventually operate all implemented activities independently of CARE.

The proposal itself requested funding for water and sanitation activities in an additional 43 sites and to allow for developing new strategies for: 1) training IPVOs and government representatives; 2) collaborating with IPVOs; 3) influencing government policy. It also noted CARE's intention to achieve greater integration of its various project activities, specifically linking water and sanitation activities more closely with its child survival, dryland farming systems, and prospective income generating projects.

The proposal failed to convince USAID representatives that CARE was serious about changing its approach. They noted that in spite of the statement of inten-

tions to the contrary, the substance remained highly product-oriented, emphasizing the numbers of physical systems to be installed. The interim proposal was accepted on the understanding that future funding would depend on further progress in operationalizing the new strategy.

Dryland Farming Systems Project

This project grew originally out of a CARE water system project on Lombok island that needed to protect collection tanks from siltation damage due to erosion on the watershed. This erosion was a result of shifting cultivation practices. Farmers in this region had traditionally cleared virgin forest lands and planted their crops for one to four years until crop yields declined. Then they moved on to a new location, leaving the land fallow until the fertility was restored through natural regeneration processes. They would return from 9 to 25 years later and repeat the cycle.

Now population growth was placing increasing pressure on the land, resulting in a shortening of the fallow period. This had dramatic consequences for the organic content and water holding capacity, leading to rapid water runoff, severe gully erosion and thinning of the topsoil. This in turn intensified downstream soil erosion, the silting of salt water estuaries, and subsequent destruction of coral barrier reefs.

By 1983, the problem on the islands of Lombok and Sumbawa had become severe. Farmers in Western Sumbawa, with a population density of 49 persons per square kilometer, had decreased the fallow period to only three years and one million hectares had been classified as a "severe erosion hazard." Population densities on Lombok were 413 persons per square kilometer.

In response to the problems encountered with the siltation of the water collection tank, farmers from the catchment area had been sent by CARE to Flores Island to observe the terracing and cropping methods that World Neighbors had introduced to farmers there. These involved planting leucaena and other fast growing legumes, and various grasses to increase the stability of sloping lands and form the basis of hedgerows that gradually became natural terraces. Soil fertility was increased by the legumes and by applying leaves from the leucaena as green manure. At the same time firewood and animal fodder was produced. Once soils were stabilized and soil fertility restored, staple or cash crops could be grown between the legume hedgerows in a system known as alley cropping.

The farmer leaders sent to Flores were so impressed by what they saw that on their return to Lombok the technology was rapidly extended to 600-700 farmers. It became evident that the technology had much broader application than originally anticipated, potentially addressing needs of farmers throughout much of Lombok and Sumbawa islands. In 1984 CARE submitted a project proposal for a drylands farming systems project to USAID that received funding for three years.

When Brian Peniston arrived to become the CARE Chief Representative for NTB in 1985, the project involved 1200 farmers and was focused on expansion. The plan called for substantial increases in the number of CARE field staff who would serve as extension agents to introduce the technology to additional sites. But Peniston became concerned about problems of quality. Many farmers who had

observed and been impressed with the end results, were not taking the time--a minimum of two years--to follow the carefully phased procedures required to establish properly banked terraces and develop soil fertility. Other farmers who had established terraces were not maintaining them properly. It was decided to drop the less serious participants and concentrate on quality.

When beginning work at a new site, CARE staff identified some of the more progressive farmers as farmer leaders and took them to established project sites to observe first hand the long term potential of improved dryland farming practices. These farmers were then enlisted to help with the motivation and training of other farmers in their areas.

CARE staff also managed trials in each new locality to determine the most appropriate cropping combinations. Farmers were trained in producing their own seed for personal use and for sharing with other farmers interested in adopting the technology. The technology used organic approaches to building soil fertility, and did not require the use of commercial fertilizers. Consequently, input costs were minimal. Participants were also encouraged to use seeds and services available from the Ministry of Agriculture.

CARE's methods differed from those of World Neighbors in the extent of dependence on CARE staff. CARE staff were constantly involved in working with the farmers on both a group and an individual basis to provide guidance and ensure strict adherence to the technical recommendations. Regular visits were made to farm plots for this purpose. World Neighbors relied more on its farmer leaders, whom it trained and paid to do cropping trials and to communicate the lessons to others. World Neighbors had even developed a form for use by illiterate farmers in recording results. Much of the dissemination in the World Neighbors site was a result of direct farmer to farmer communication. CARE also trained farmer leaders, but decided not to pay them and placed fewer demands on them.

Just as CARE had learned methods from World Neighbors, various groups were requesting assistance from CARE in training their own field workers. These included Catholic Relief Services, and the members of a local association of Islamic schools. Both had centers located throughout NTB from which extension efforts might be undertaken. The effort was consistent with Indonesian government priorities for introducing upland farmers to more productive and environmentally sound practices. Local governments had demonstrated their support by contributing counterpart funds and sending 75 provincial government staff involved in agro-forestry projects to visit CARE's field sites in February 1986. A number of government officials had been trained in similar methods by LPPS, an Indonesian PVO, at its own site in Flores. But even though the government offered subsidies to encourage adoption, its own program had limited success because it lacked the necessary flexibility to work adaptively with the farmers.

The success of its efforts in NTB prompted CARE to proceed with plans to extend project operations to East Java. Initial staffing commitments had been made and discussions with government officials had elicited an enthusiastic response.

In mid-1986, just as CARE staff felt they were reaching peak level effectiveness in their command of the leucaena based terraced cropping system, the effort received a serious setback due to an infestation of psyllidae, the jumping plant lice

that had decimated leucaena plantations throughout Southeast Asia. CARE staff began immediately experimenting with more diversified cropping systems based on disease resistant alternatives. This, however, dropped them back very nearly to the beginning of the effectiveness curve with respect to their basic technology. Participating farmers were convinced that their trees would recover during the rainy season, but experience elsewhere left CARE staff skeptical. They were confident, however, that they would come up with acceptable alternatives to the leucaena.

A proposal accepted by USAID in February 1986 provided interim funding for 15 months while CARE reassessed the approach taken by the project.

Child Survival Project

This project had originally been funded by USAID for a period of three years to support implementation of the government's village health volunteer system in West Java, NTB, and East Java. The project was to be implemented in three, one-year phases. In each phase CARE outreach workers were to be fielded to specified villages to identify, train, supervise, and provide support to village health volunteers for a period of one year. This was done in collaboration with the local government operated health centers on which the CARE workers depended for the supply of equipment for weighing babies, growth charts, immunizations, vitamin A supplements, and oral rehydration packets. At the end of the year the CARE health outreach workers were to withdraw, leaving responsibility for continued support to the local public health center. The CARE workers would then move on to a new set of villages.

As of October 1, 1986 project implementation was underway in five villages in as many districts of West Java and four villages in NTB. Eight new village sites were to be initiated in West Java beginning in February 1987. Health staff were just being positioned in East Java to introduce the program to three villages in 1987. No new sites were planned for NTB until 1988.

CARE's early experience suggested, however, that the assumptions underlying the village health volunteer scheme were seriously flawed. There was little incentive for the health volunteers to devote the required time and attention to their assigned tasks. And the government health facilities seemed both poorly equipped and poorly motivated to provide the support necessary to sustain the volunteers after CARE's departure. Rick Henning, who coordinated the child survival project's implementation from Jakarta, was not hopeful about the continued functioning of the volunteer system after the withdrawal of CARE personnel. If expansion were to occur as scheduled, without a loss of whatever had been achieved in the original villages, it would have to be done by adding additional field workers, while leaving the original staff in place to continue supporting the first round of villages. Also, especially in West Java, CARE's interventions were in widely scattered villages, presenting serious problems for logistics and supervision.

Prospective Projects

A number of new projects were in the concept or proposal stage and were intended to expand the scope of CARE's programming in Indonesia.

Prior to his departure, the previous CARE country director made a commitment to the provincial government of North Sumatra to provide a community assistance program. A subsequent proposal that focused specifically on development of water systems in the Nias District of North Sumatra had been severely criticized by CARE headquarters on the grounds that it represented nothing more than a narrowly focused extension of CARE Indonesia's existing water activities. A team of four CARE staff visited Nias in October 1985 and drafted a proposal that went through a number of subsequent revisions.

Nias district was a large but isolated island off the coast of Sumatra that had had seen little benefit from Indonesian development programs. It represented conditions fairly atypical of the rest of Indonesia. Per capita income was 1/5 the national average and most residents depended on subsistence farming. Most Nias residents did not understand Indonesian, and many of the 28 agricultural extension agents assigned to assist the 657 villages on the island did not speak the local language. Other services were comparably inadequate. Less than 1 percent of the 86,766 families on the island had access to protected water supplies. More than 65 percent of the villages were accessible only by foot.

The project paper noted a dearth of private non-profit humanitarian or development organizations on the island. Various church groups were active, but mainly concerned with purely religious affairs. The paper proposed a classic community development approach starting in ten villages. Local "community mobilizers" would be selected to assist in the formation of groups of 15 to 25 families which would be trained in the processes of working together. The groups, which would identify problems and prepare development plans directed to their own priorities, would be assisted in establishing savings and loan schemes to support implementation. The chosen "activities might include among others construction of water supply systems, sanitation facilities, income generation activities or agricultural production improvement." CARE would assist with implementation, providing inputs as appropriate.

The project paper expressed hope that replication might be undertaken by government personnel and IPVCs, from whom participation on a counterpart basis would be encouraged in the original villages. CARE would also provide training to such organizations to facilitate their participation in replication.

Development of Indigenous PVO's Project

This was a draft proposal for a project to strengthen three small IPVO's in North Sumatra that had been identified by CARE staff. The paper noted that despite their obvious dedication to grass roots development, these IPVOs lacked the personnel, technical expertise, management capabilities, and regular source of funding necessary to become fully functioning self-sustaining professional development organizations. Consequently their impact in assisting the poorer segments of the North Sumatra population had been limited. A key feature of the support would be provision of financial assistance to these groups to meet their personnel needs. CARE would also provide training and technical assistance for a period of up to five years to develop them into effective development organizations. During the

final stage they would be assisted in securing local, national, and international funding to sustain their operations beyond the period of CARE assistance.

FY 87 Budget for CARE's New Country Program Focus

While not specifically presented as a project, a concept paper was prepared outlining the three themes of CARE's new program: 1) GOI Policy and Implementation; 2) IPVO Program Collaboration; and 3) GOI Staff and IPVO Training. A budget of \$54,000 was proposed covering specific activities under each theme. Activities under the first two themes were mainly aimed at identifying issues and formulating future plans, while funding under the training theme included provision for three pilot training seminars.

Setting a New Agenda

Before his August 1985 arrival, Jay Jackson had been CARE's country director in Honduras, a country of 3.5 million people and an area smaller than that of West Java. CARE had been installing 60 water systems a year there, roughly the same number as CARE's entire program for Indonesia. This annual installation rate was projected to achieve CARE's goal of ensuring that all villages in Honduras had access to clean water by the 1990. But Indonesia's population was some 49 times that of Honduras. In addition, CARE Honduras had a school feeding program reaching about half the children in the country and a maternal child feeding program for 100,000 mothers. Given the size of Indonesia, CARE could not hope to have a similar impact on coverage using the same kind of approach.

Jackson concluded that the way CARE had been defining itself limited it to a peripheral role in Indonesian development. He was also unconvinced that enough attention was being given to sustainability. CARE did give more attention than other organizations working on village water systems to development of village associations to manage the systems. But each installation was treated as a discrete project and there was no provision for further CARE assistance once it was completed. There had been little follow-up to determine whether the social and technical preparation provided was adequate, and whether even the stronger associations might need occasional back-up support for which there was no current provision.

The Initiation of Senior Staff Meetings

Jackson was impressed with the staff he found in place when he arrived in Indonesia, as well as with the three new expatriates who had arrived at about the same time as himself. He concluded they must all be an integral part of the process of setting new program directions. This would be accomplished in part by introducing periodic senior staff meetings to discuss important strategic and programming issues, and in part by obtaining broad staff participation in the preparation of new project and strategy documents.

Though Jackson had already visited all of the field offices, the first senior staff meeting, held in Bali in September 1985, was the first opportunity for some senior staff to meet as a group with their new director. It was also an opportunity for them to meet the other three new expatriates: Rick Henning, Brian Peniston,

and David Greeley. For the benefit of the newcomers and as part of a project review, each field office made a presentation on its activities. In addition there was discussion of proposals for broadening the program base by adding attention to income generation, increasing counterpart funding, and diversifying the funding base of the country program.

During a discussion of the per capita costs of CARE Indonesia's water projects, Jackson made known his expectation that changes in approach would be needed to increase CARE's impact commensurate with the mission's resources and Indonesia's need. Reactions were not all favorable. Understandably, some staff defended the existing program and their established ways of working. They pointed out that CARE Indonesia had established a well deserved reputation for the quality of the water systems it installed, and that water continued to be a critical need in rural Indonesia. They also pointed out, a number of new initiatives beyond water were already underway.

In spite of some misgivings, the staff immediately engaged themselves in the task of defining the central thrust of a new program intended to extend CARE's influence beyond the few communities it was able to assist directly. And subsequent senior staff meetings in Sulawesi, Jakarta, and Mataram reflected the growing ability of the senior staff to work as a team and prepared the way for a consensus on a new country strategy.

The Jakarta Conference was attended by Tom Drahrman, CARE's Regional Coordinator for Asia. This meeting featured a discussion on the nature of the relationship CARE Indonesia should develop with Indonesian PVOs. One proposal called for CARE to assist the development of small, inexperienced IPVOs by providing them training and financial assistance to cover their operating expenses. An alternative proposal called for CARE to invite IPVOs to work with it and thus benefit from CARE's experience in its existing projects. These IPVOs would thus be encouraged to extend the coverage and impact of CARE programs using their own resources. Either approach would mark a departure from conventional CARE practice. CARE had a long standing policy of not making grants to other organizations. Furthermore, it seldom collaborated with other organizations in project implementation--though there were exceptions such as the cooperation with World Neighbors on the dryland farming systems project. There was particular resistance among some staff to the idea of using CARE resources to finance the development of IPVOs.

In March 1986, Jackson made a visit to Southeast Sulawesi. Here CARE worked exclusively in a single sub-district of the province. The concentration of effort seemed to produce a synergistic effect as CARE-assisted communities had become quite active in assisting other villages not yet included in the program's coverage. Also different project activities--water, health, and income generation--were being implemented in the same communities. One consequence was that supervision was greatly simplified and staff spent much less time traveling from site to site. It also allowed for more attention to developing effective working relationships with local government counterparts. This clustering of programs and sites provided a striking contrast to West Java where the water program was dispersed among six villages in as many kabupaten and no such synergistic effects were observed. Commonly, provincial governments preferred to see project benefits distributed as widely as possible, but this was resulting in unanticipated costs.

The Mataram Meeting: Strategic Frameworks

The most recent senior staff meeting had been held in June 1986 in Mataram on Lombok Island. The twin concepts of site clustering and program clustering, as practiced in SE Sulawesi and East Java, were put forward there as ways to increase CARE's impact and to encourage individual initiatives by villages to replicate CARE activities on their own.

For this meeting an outside consultant was invited to participate as a facilitator and resource person for two days of discussion on strategy formulation. The consultant suggested a number of concepts which might be useful to CARE Indonesia in defining the specific contributions it wanted to make to Indonesian development and in deciding on how to position its resources accordingly. The list of topics included:

- o Community based versus centrally controlled resource management systems.
- o Third generation PVO development strategies to achieve sustainable development of policy and institutional systems.
- o Programs versus projects as the focus of strategic programming.
- o Achieving a fit between beneficiary needs, the assisting program, and the implementing organization through a learning process.

These concepts are elaborated in Exhibit B. Considerable interest was expressed in the idea that CARE Indonesia should commit itself to a Third Generation Strategy intended to achieve sustainable changes in systems and policies rather than simple, discrete community level outcomes. At the same time most participants took the position that CARE could not be effective in a Third Generation strategy without direct operational experience and must therefore sustain its operational role as well.

Participants discussed how CARE Indonesia might cluster its existing project activities into a number of programs with focused, yet longer term objectives stated in terms of desired policy and institutional outcomes that would sustain results--ultimately on a national scale. Reviewing CARE's existing portfolio it was suggested that long term program commitments might be defined around village water supply, dryland agriculture, primary health care, and income generation. A simple matrix was developed indicating in which CARE regions each of these activities were being implemented. See Figure 1.

Discussion of CARE's experience in water highlighted the need to further develop CARE's capacity to develop self-sustaining village water associations. Discussion of primary health care concentrated on the need to define exactly what interventions CARE would undertake and the differing support requirements of each. There were also discussions of possibilities for linking programs. For example it was noted that some communities were being urged to use fees, collected from the water system, to create a fund to compensate village volunteers who were providing services under the health program.

Figure 1

PROGRAM MATRIX

PROVINCES	PROGRAMS			
	Water	Dryland Ag	Health	Income Generation
West Java	X		X	X
East Java	X	P	P	
NTB	X	X	X	
Sulawesi	X		X	X

Key: X = Underway P = Proposed

Income activities in Sulawesi are generally agriculture based.

Questions were raised as to whether income generation was a suitable program theme because it covered such a wide range of potential activities that provided no focus for development of competence and proven program approaches. For example it might involve almost any aspect of small manufacturing, trade, agriculture production, fee for service health care, etc. Agricultural production in turn might involve any number of different crops, each with its own set of technical, marketing, and financial requirements. It was noted that each of CARE Indonesia's other more clearly defined activities had income generating dimensions which might be developed more explicitly.

It was suggested that once the features of each CARE program had been defined, key issues or problems would need to be resolved before satisfactory progress could be achieved. These issues and problems would define CARE's learning agenda. For each such item a learning strategy would be required to develop the necessary capabilities in CARE Indonesia to address it.

Staff response to the discussions was highly positive, but the specific implications for what they should be doing eluded most of them. The Bandung meeting scheduled for later in 1986 was to be an opportunity for operationalizing their application, and the staff was being asked to pull together the many strands of ideas generated over the previous year into a coherent strategy that would significantly increase CARE's contribution to Indonesia's national development.

EXHIBIT A
CARE in Indonesia

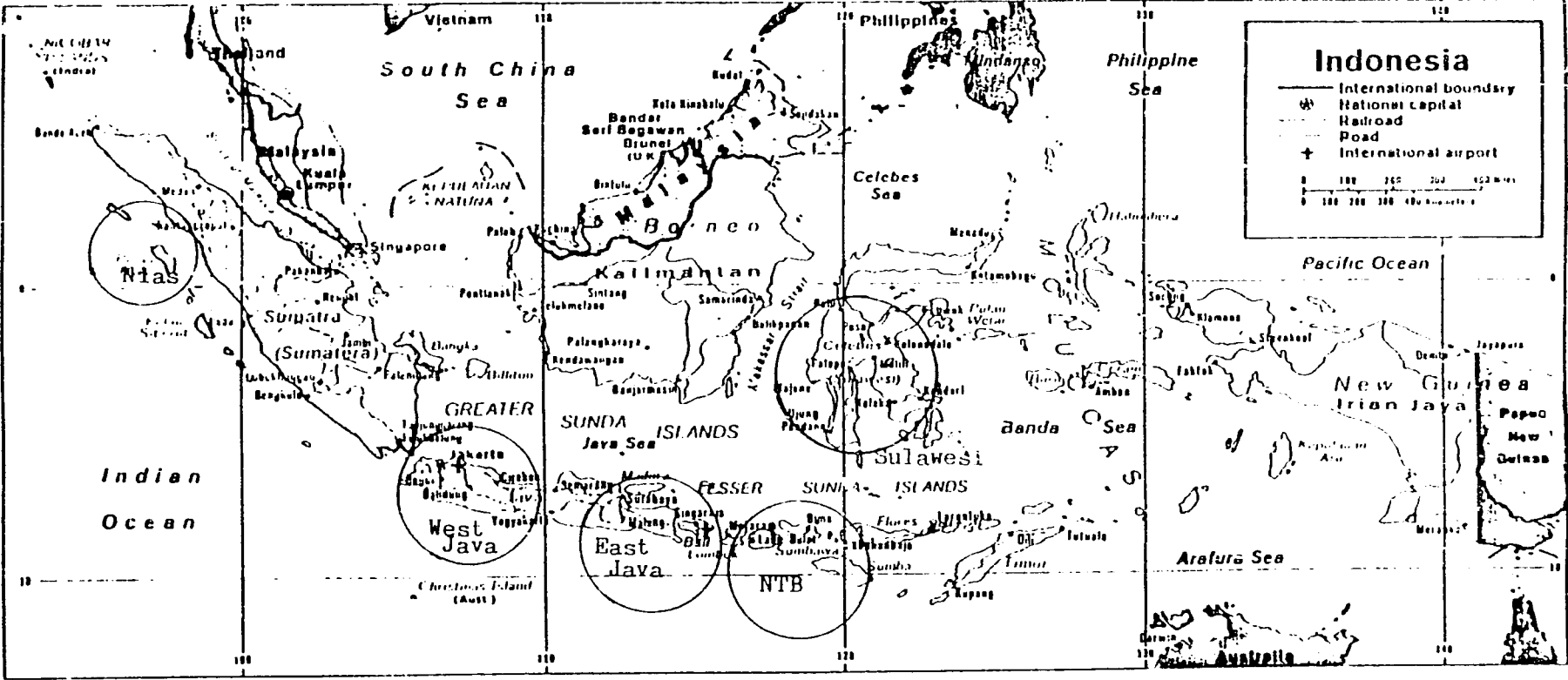


EXHIBIT B

Frameworks for Strategic Program Assessment
June 1985 Lombok Senior Staff Meeting

The following is a brief description of the key concepts outlined by the consultant who address the CARE senior staff at their Mataram retreat.

1. Community versus centrally controlled resource management systems.

Where there is concern that a development intervention produce sustainable outcomes it is useful to be explicit as to the nature of the resource management capacities that should be left in place to accomplish this. Most public development activities work from the premise that these resource management systems will be brought under the control of central bureaucracies staffed by trained technocrats in the belief that this is the best way to achieve the technically optimal allocation of resources. Unfortunately such systems suffer from a number of failings: a) they are unable to make the fine tuned response to local conditions necessary to meet local priorities at minimum cost; b) they depend largely on central financial resources and leave untapped a wide range of local development resources inaccessible to central planners and administrators; and c) they concentrate power in the hands of a few individuals who are largely unaccountable to the vast majority of the people whose interests development should serve.

The development objectives of private voluntary organizations (PVOs) such as CARE are generally best served by strengthening resource management systems that stress broadly based community control of the development resources in question. This has many dimensions and success may well depend on the PVO giving attention to a broad range of actions concerned with such matters as ownership rights, technical capacities, effective locally controlled organizations, self-financing capabilities, etc. In many respects it calls for attention to policies, laws and other institutional arrangements which strengthen or weaken local control in addition to the village level interventions themselves.

2. Third Generation PVO Development Strategies.

It is possible to identify three distinctive strategic orientations in the strategies of private voluntary development organizations. While all three appropriately co-exist within the larger PVO community--even within a single PVO--the underlying

1. For further development of these concepts see David C. Korten, "Community Organization and Rural Development: A Learning Process Approach," Public Administration Review, Vol. 40, No. 5, Sept-October 1980, 480-511; and David C. Korten, "Micro-Policy Reform: The Role of Private Voluntary Development Agencies," NASPAA Working Paper No. 12, August 8, 1986. Available from the National Association of Schools of Public Affairs and Administration, 1120 G St. N.W., Suite 520, Washington, D. C. 20005. See especially Appendix A on "Guidelines for a Strategic Assessment."

ing direction of movement makes it appropriate to identify them as belonging to the first, second, and third generation.

Generation 1: Relief and Welfare: The focus is on delivering welfare services to the poor and unfortunate--distributing food, sending out medical teams to provide health services, etc. With time it has come to be recognized that as a development strategy this approach offers little more than temporary relief from the symptoms of underdevelopment.

Generation 2: Small Scale Self-Reliant Local Development: Recognizing that sustainable improvements in the lives of the poor depend on increasing their capacity to meet their own needs with resources they control, attention is directed to preventive health, improved farming practices, local infrastructure and other community development activities intended to promote local self-reliance.

Generation 3: Sustainable Systems Development: Some PVOs have come to the realization that: 1) acting on their own they can never hope to benefit more than a few favored localities; and 2) self-reliant village development initiatives are likely to be sustained only to the extent that local public and private organizations are linked into supportive national development systems involving many different development organizations--both public and private. In many instances the institutional and policy setting actively discourages--even prohibits--self-reliant local initiative. Efforts to address these larger issues constitute a Third Generation of PVO development strategy.

3. **Defining the Strategy in Terms of Programs Rather than Projects.**

Projects take a limited perspective on the development problem, focusing attention and resources on achieving a specific result at a specific time in a specific location. They encourage a focus that draws attention away from developing the capacity of the systems that generate such results to continue doing so on a sustained basis. By contrast programs are normally of indefinite duration, involve repeated activities and are defined in terms of the need which they address, the technologies involved, and the institutions that generate the intended outcomes. Consequently PVO's concerned with sustainable development outcomes are well advised to define their strategy in terms of programs rather than in terms of projects.

A given program might focus on any one of a considerable number of themes: primary health care, dairy development, village planning, village infrastructure development, etc. A program commitment implies a commitment to developing a thorough understanding of the nature of the need, a distinctive competence in the technologies and organizational issues involved, and effective working relationships with the relevant institutions.

A country strategy may consist of several programs. Each program should in turn have its own program strategy.

Ultimately a **country** strategy, as well as each of its constituent **program** strategies must address three questions: **What** are we going to do? [What will we chose as our program commitments?] **Where** are we going to do it? [Where will we

position our people and facilities?] And **how** will we do it? [Will our approach be first, second or third generation?] The answer to each question helps to define the specific capacities the PVO must have to successfully implement the strategy. The answer to the first question defines the **technical** competence the organization will need. The answer to the second question, the required **geographical** competence and the relationships with political jurisdictions such as countries, provinces, districts and villages. And the answer to the third, the **process** competence.

Addressing these questions encourages building from existing strengths and exercising caution in taking on new commitments for which existing capacity does not exist.

4. **Achieving Fit through a Learning Strategy.**

Development of the competence required to support any given program strategy is a significant undertaking. It is useful to think of the capacity building process in terms of the need to achieve a "fit" between the beneficiaries, the program, and the assisting organization. More specifically this means developing a close correspondence between: beneficiary needs and program outputs; program task requirements and the distinctive competence of the assisting organization; and the mechanisms for beneficiary demand expression and the decision processes of the assisting organization (see figure 1).

Standard project planning formats nearly demand that the project proponent at least act as though everything required for successful implementation is known and the required capacities are either in place or can be quickly assembled. If the activity is new for the locality and for the implementing organization it is almost certain that neither condition is in fact met.

Developing the three way fit required for effective program performance will almost invariably depend on the implementation of a learning strategy. This strategy must recognize that there are three types of learning involved in developing program competence:

- a) Learning to be **effective**: Do we know what we must do in order to obtain the desired outcome? If not how are we going to learn it?
- b) Learning to be **efficient**: Do we know how to do it at a realistic cost using people of average competence so that we can consider doing it on a significant scale? If not how are we going to learn to become more efficient?
- c) Learning to **expand**: Do we have an organization that is able to support implementation of the program using effective and efficient methods on a significant scale? If not how are we going to learn to support these program activities on an expanded scale?

Each type of learning can only occur in its proper sequence, i.e., there isn't much point in focusing on how to be efficient if you have not yet figured out how to be effective. Consequently a learning strategy will normally involve three reasonably distinct and sequential stages (see figure 2). It is usually a very helpful exercise when defining a program to ask of each major component activity: Have

we yet learned to be effective? If so have we learned to be efficient? And if so have we learned to operate on an expanded scale?

Figure 1

SCHEMATIC REPRESENTATION OF PROGRAM FIT REQUIREMENTS

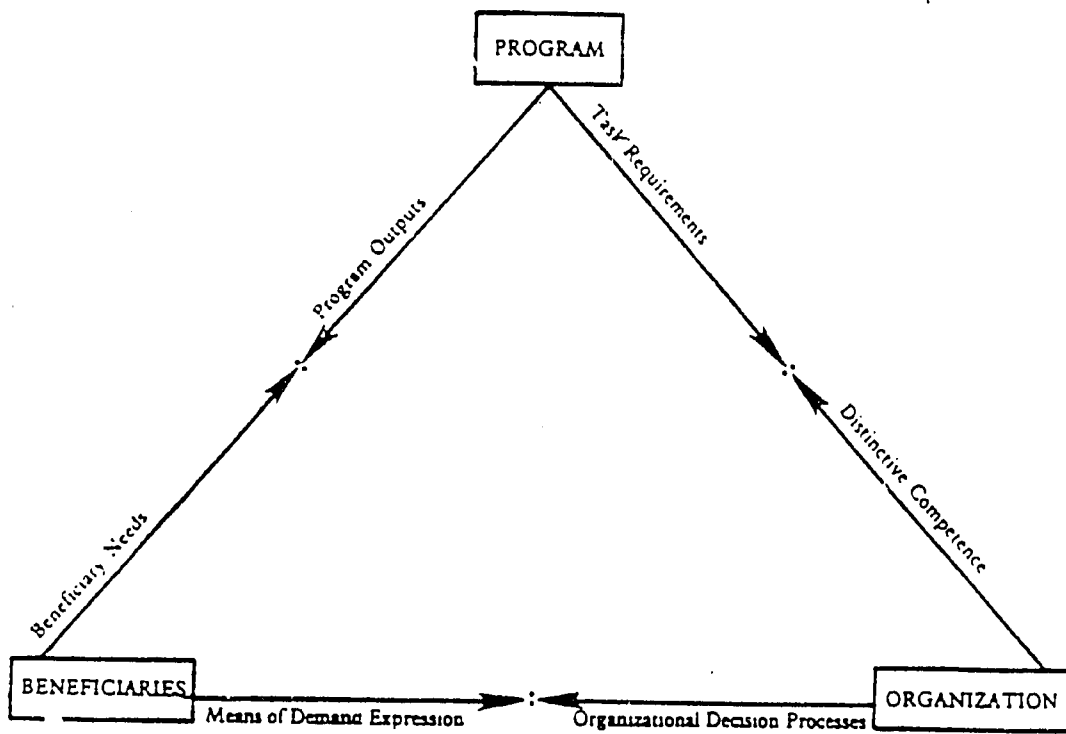
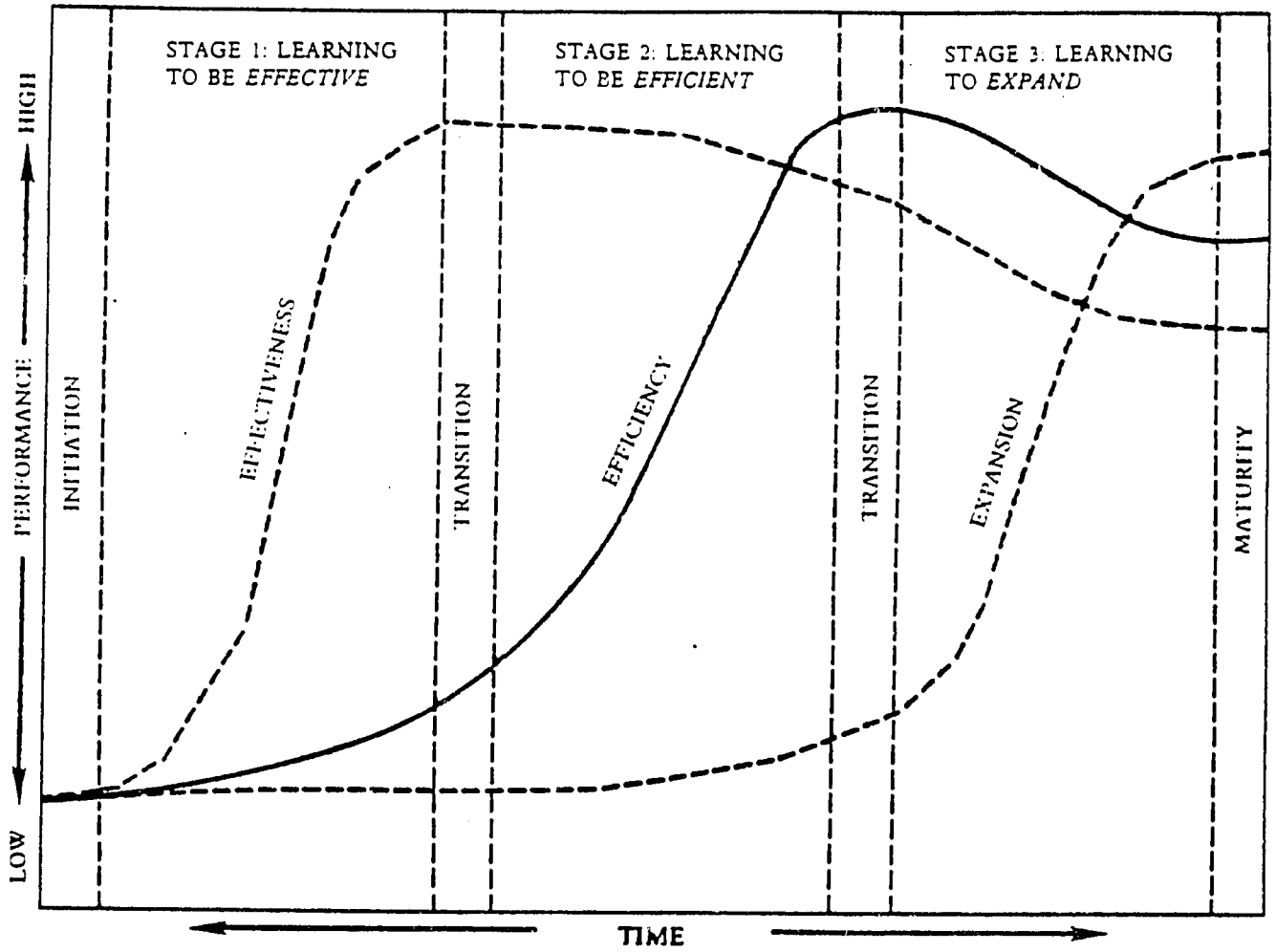


Figure 2

PROGRAM LEARNING CURVES



Note: There are likely to be trade-offs between effectiveness, efficiency, and expansion which will lead to some loss of effectiveness as efficiency increases, and to losses in both effectiveness and efficiency during expansion.