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TEACHING CASES ON THE STRATEGIC MANAGEMENT of PRIVATE VOLUNTARY DEVELOPMENT AGENCIES

The cases described below were written as part of an effort to assist private voluntary development organizations (PVOs) and non-governmental organizations (NGOs) in developing their strategic capacity. This work has been undertaken in the belief that PVOs/NGOs have the potential for greatly increased contributions to national development. These cases present the experience of PVOs/NGOs that have questioned their customary ways of working and examined possibilities for achieving broader and more sustainable development outcomes. They were written to be used for classroom discussion, either individually or in series, and are not intended to illustrate either effective or ineffective handling of administrative situations.

The cases listed here were all written by or under the supervision of David C. Korten for the National Association of Schools of Public Affairs and Administration (NASPAA) under a cooperative agreement between NASPAA and the Agency for International Development (AID) with funding provided by AID's Asia/Near East Bureau and participating USAID missions. They may be freely reproduced for instructional purposes with appropriate credits. Examination copies are available from:

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PHILIPPINE BUSINESS FOR SOCIAL PROGRESS (A)

The Provincial Development Foundations Program

Created by the business community of the Philippines, PBSP was primarily a grant making foundation devoted to making grants to local PVOs throughout the Philippines for community development activities. The case traces the history of PBSP from its founding until the announcement of a new strategy in 1986 that centers on a new provincial development foundations program. The new strategy was announced along with the release of PBSP's own analysis of the conditions that held more than 50% of the Philippine population below the poverty line. This analysis led PBSP to a strategy that sought to address structural issues, particularly access to productive assets. The case describes the experience that led PBSP to this choice and outlines the key elements of the new strategy. The cases raises a variety of issues that PBSP faces as it moves to implement the new strategy.

David C. Korten March 1988 24 pages

BANJARNEGARA AND THE YPPSE

A Case of Local Government NGO Collaboration

YPPSE is a health oriented NGO working in Banjarnegara District of Central Java Province in Indonesia. It was originally created by the head of the district government with the assistance of the chief of the government's medical services for the district as a means of receiving outside funds and carrying out experimental health activities not sanctioned in the government's own program. The resulting activities were subsequently accepted by the national government as the prototype for its new national health program. In the case the head of YPPSE is reflecting on the results of a national workshop held in Banjarnegara to examine the YPPSE as an important example of local government/private cooperation in a participatory development initiative, and of the potential for a small local NGO to have an influence on national policy. While the workshop noted many positive aspects to the program, he had been somewhat surprised by the criticisms--including from some of the government participants--that the YPPSE was too much a captive of government, was too top down, and seemed more a vehicle for the implementation of government programs than to encourage true local initiative. The cases reviews the history of the YPPSE, describes its current programs, and presents observations from a number of village field visits.

Andree Iffrig and David C. Korten March 1987 13 pages

BANGLADESH RURAL ADVANCEMENT COMMITTEE (A)

Rural Development and Credit Programs

The Executive Director of BRAC, one of the largest NGOs in Asia, is concerned that his organization may have become too scattered in its commitments. He is looking ahead to how BRAC should define its role for the 1990s, with the intention of increasing its contribution to consequential national outcomes. He has invited an international consultant to take a look at BRAC's existing activities and give him a report on his impressions, the directions he suggests BRAC should be moving in the future, and what it might mean for the way in which BRAC organized. This case presents data on interview comments collected by the consultant on BRAC's rural development and credit programs. The focus of these programs is on organization of the rural landless into self-managing associations that provide their members with political strength in dealing with government and manage a variety of micro- and small scale economic activities.

David C. Korten March 1988 15 pages

BANGLADESH RURAL ADVANCEMENT COMMITTEE (B)

Sector Programs and Service Centers

The consultant continues with his assignment, this time focusing his attention on BRAC's sector programs and service units. The sector programs cover child survival, non-formal primary education, and rural industries. Service programs include training, research and evaluation, production service centers, and development communications.

David C. Korten March 1988 13 pages

BANGLADESH RURAL ADVANCEMENT COMMITTEE (C)

Setting Directions for the 1990s

Having completed his review of individual program activities, the consultant turns his attention to looking at current planning documents and interviewing key management personnel on their perceptions of the issues and choices facing BRAC as it sets its directions for the 1990s. BRAC's executive director asks him for his recommendations.

David C. Korten March 1988 12 pages

BACKGROUND NOTE FOR THE BRAC CASE SERIES

Provides background information on Bangladesh development, BRAC's history, and other NGOs in Bangladesh important to the analysis of the BRAC case series.

David C. Korten March 1988 13 pages

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CARE INDONESIA (A)
A Critical Look at an Existing Strategy

A new country director assumes the leadership of CARE's program in Indonesia. The program consists of a number of discrete projects installing water systems, and introducing child survival and dry land agriculture technologies in selected villages. The director is concerned that none of the activities are being carried out on a scale sufficient to make a meaningful difference in a country of 170 million people and asks his staff to consider how CARE Indonesia might reorient its activities in ways that would have more consequential outcomes.

David C. Korten with Andree Iffrig | February 1988 | 18 pages

CARE INDONESIA (B)
Addressing the Implications of a New Strategy

A series of senior staff meetings have produced a new country strategy for submission to CARE headquarters. The strategy is defined in terms of long term program commitments in village water supply, dry land agriculture, community health, and income generation. A strategy has been defined for each program aimed at achieving long term results on a meaningful scale. For example, in village water supply CARE staff concluded that so long as system installation depends on public subsidies, there was no realistic way that national needs could be met within an acceptable time period. Consequently it was decided that the focus of CARE's village water program would be on developing a self-financing approach to installation of village water systems. It would then work with government and Indonesian NGOs to support the eventual application by them on a national scale of the self-financing approach. Each program had its distinctive strategy. The CARE staff must now sort through the implications of the new strategy for their own organization

David C. Korten with Andree Iffrig | February 1988 | 11 pages

CARE INDONESIA (C)
Addressing Progress One Year After Bandung

One year later, CARE staff members assess progress with implementation of the new strategy and the implications for future action. Substantial progress is reported. However, the depth and complexity of the changes implied for CARE's staffing and mode of operation are becoming increasingly evident.

David C. Korten | February 1988 | 17 pages

BACKGROUND NOTE FOR THE BRAC CASE SERIES

This note provides background data on Bangladesh development, BRAC's history, and other NGOs in Bangladesh essential for analysis of the BRAC case series dealing with a strategic assessment of BRAC in relation to the priority development needs of Bangladesh. Each case may be used individually or in sequence, but assumes a knowledge of the information provided in this note. The series consists of three cases:

BRAC (A): Rural Development and Credit Programs
BRAC (B): Sector Projects and Services Centers
BRAC (C): Setting Directions for the 1990s

BANGLADESH: THE SETTING

With a per capita Gross National Product (GNP) of $140, Bangladesh was one of the poorest countries of the world and ranked among the lowest in physical quality of life. Eighty five percent of its population resided in rural areas.

A population density of nearly 1,700 people per square mile resulted in an intense competition for resources heavily weighted against the poor and powerless. Over half of rural households had been reduced to landlessness [owning less than 0.2 hectares]. As a consequence of continued rapid population growth (2.7 percent per year) it was expected that by the year 2,000 75 percent of rural families would be landless. Estimates of unemployment ranged from 23 to 42 percent and the labor force was growing at an estimated 2.8 percent a year.

Life expectancy at birth was 55.3 years for men and 54.4 for women. Mortality rates were 130 per thousand for infants and 25 per thousand for children. Tetanus accounted for 42 percent of neo-natal infant deaths and a high percentage of maternal death.

Women

An Islamic country, the tradition of purdah was widely observed in Bangladesh among those relatively more well to do families that could afford to keep their women isolated in the home. While poverty was both deep and pervasive, its burdens fell most heavily on women who had been abandoned or widowed by their husbands and rejected by their natural families. They were left to eke out their livelihood in a society that recognized no legitimate role for women outside of the home.

The Political Economy

The major growth sectors of the Bangladesh economy were administration, defense, construction, and trade. Growth in agriculture and manufacturing, long favored by programs of subsidized credit, roughly equalled population growth. According to *The Economist:*

> Patronage has destroyed Bangladesh's credit system. President Zia's government introduced loans mortgaged against political support in the late 1970s. Around $500m has been handed to businessmen through the government banks and financial institutions to start up new industries and to buy the ones being privatized. Most of the money came from the Asian Development Bank and the International Development Association, the poor-country arm of the World Bank.
>
> ...lenders have been paid only 10 percent of the principal and interest due to them on industrial loans. On agricultural loans, the proportion is 26 percent. It is thought that

DECLINING INDICATORS

Though statistics were limited and of questionable reliability, reports on some key social indicators indicated downward trends. Per capita consumption of both calories and protein declined steadily from 1962 to 1982. Further decline was partially forestalled by substantial increases in food aid between 1980 and 1985. During this period food aid programs targeted to the rural poor increased from 244 to 927 thousand metric tons. Public food distribution programs directed to the relatively more well to do segments of the population were even larger.*

Crude death rates increased from 10.77 in 1980 to 13.20 in 1983. Major causes of death were diarrhea (16 to 22 percent), malnutrition (13 to 15 percent), and pneumonia (10 to 12 percent. Annual per household expenditure on medicines was no more than Tk. 2.86. [US$1 = Tk. 32] Only 4.9 percent of villages had a primary health center. In 1981-82 aggregate expenditure on medicines by the public health service came to Tk. 19 per capita, but these meager supplies seldom reached the poor.

Literacy declined from 24.3 percent in 1974 to 23.8 percent in 1981 (31 percent for males and 16 percent for females) and student enrollment rates were falling. This was in spite of an increase in the number of primary schools (nearly all in rural areas) and an impressive public expenditure on education during this period. The percentage of school age children attending school from landless households was only 8 percent, compared to 26 percent for landowning families.

According to World Bank estimates, real daily wage rates in rural Bangladesh were significantly lower in the early 1980s than even in the early 1970s when the economy was still suffering from the dislocation of the War of Liberation. Furthermore, there was a decline between 1974 and 1981 in the number of hours or days worked per laborer.

*According to one report nearly two-third of publicaly distributed food was received by selected urban groups like government employees, the military, police, teachers, employees of large enterprises, and other "priority" groups. Fifty percent of the remainder was directed to rural areas through a rationing system that benefited mostly rural elites and their clientele. These included both foreign assistance grains and grains procured locally. Rural Poverty in Bangladesh: A Report to the Like-Minded Group, Universities Research Centre, Dhaka, January 1, 1986, p. 44. Knowledgeable sources also estimated that at least 30 percent of the food grains specifically targeted for the poorer elements of the rural population were in fact captured by government officials and rural elites. All statistics cited in this section are from the above report.

one-fifth of the defaulting borrowers are in real trouble: the rest see no need to return their cash.[1]

Foreign aid flows made up some 40 percent of the receipts of the Bangladesh government, 50 percent of the country's foreign exchange income, and 90 percent of the government's development budget. External debt was US$6.4 billion, with interest payments alone equivalent to 7.7 percent of export earnings.

Development budgets had over the years funded a wide range of welfare benefits targeted to the rural areas. These included free education and health services, food for work programs intended to generate off farm employment on rural works projects, and the direct distribution of food rations. Numerous rural development initiatives had channeled subsidized credit and other inputs through government sponsored cooperatives.

Most benefits of these programs were captured by exploitative local elites. A BRAC study

1 The Economist, October 18, 1986, p. 26 noted in contrast that the Grameen Bank, which loaned only to the very poor, was reporting repayment rates of 98%.

OTHER NGOS IN BANGLADESH

Bangladesh had one of the largest and most active NGO communities of any developing country. The Association of Development Agencies in Bangladesh (ADAB), an NGO membership consortium, listed 350 local NGO affiliates operating in 335 of the 460 upazilas of the country. ADAB estimated that as many as 150 of these were active in more than one union and had some interaction with upazila level administration.

There were also a number of NGOs in addition to BRAC, both international and Bangladeshi, that had major national programs. CARE employed 1,200 national and 16 international staff who managed $40 million in foreign assistance and $20 million in counterpart contributions through 17 sub offices serving 315 upazilas. RDRS had a staff of 1,800 Bangladeshis and 11 expatriates with a budget of $5 million a year. Other NGOs of major scale included Caritas, Nigera Kori, Proshika, ASA, and CSS. NGOs were active in nearly every development sector, with particular concerns for literacy, health and family planning, income generation, and women in development.

Several of the larger Bangladeshi NGOs had been established by former staff of BRAC and modeled their programs on BRAC's experience, with particular focus on organizing the rural poor and landless. Estimates of the number of villages in which NGOs were working actively on development of landless organizations ranged from 10 percent to 20 percent of the villages of Bangladesh. It was common for two or more NGOs to be working with landless in a given upazila.

NGOs in Bangladesh represented a wide variety of ideological preferences, from conservative to activist. They ranged from those that worked closely with government to those that would have nothing to do with government themselves and advised the groups they assisted to do the same. Some were primarily relief organizations passing out free food and services to the poor. Others adhered to a strict self-reliance doctrine aimed at developing the capacity of the poor to acquire and manage their own assets with minimal outside assistance. The majority fell somewhere in between the more extreme positions.

While there were instances of cooperation within the NGO community, individual organizations generally operated with considerable independence of one another and were somewhat protective of "their" village organizations.

titled *The Net* documented the patterns of the corruption and manipulation of the legal system by which this was accomplished.

There was a belief, widely shared by a number of foreign donor organizations, that the NGOs working in Bangladesh were generally more effective than government in getting development benefits to the truly poor. The government actively resisted donor efforts to increase their assistance to NGOs, insisting that foreign assistance commitments earmarked for Bangladesh were commitments to the government, and that any assistance to NGOs must be additional to these amounts.

Even relatively low level government positions carried considerable prestige in Bangladesh and the first choice of employment for most young graduates was a government posting, preferably in an urban area. While government salaries were low, they were guaranteed and there were few risks of dismissal for non-performance. There were also opportunities to use one's position to gain additional income and a variety of special advantages.

Decentralization

The Bangladesh government had recently embarked on a significant decentralization initiative. The administrative unit originally defined by

the jurisdiction of the local police station [the thana], had recently been renamed the upazila and made the major unit for local development administration. The upazila administration was restructured and assigned additional government positions.[2] An upazila nirbahi [executive] officer (UNO), a senior civil servant, had been appointed by the central government in each upazila to provide administrative coordination among other government personnel assigned to the upazila. The UNO was responsible to the popularly elected chairman of the upazila council, who wrote his performance report. The UNO in turn wrote the performance reports of other senior civil servants in the upazila--except for the magistrate.

The upazila council consisted of the chairman of the union councils [ten in the typical upazila] who were popularly elected on a union basis, five private individuals selected by government (three of whom had to be women), the UNO, the magistrate, the police officer, and some 35 additional upazila civil servants assigned by national government. Plans called for introducing elected councils at the district level as well.

One political analyst offered the following observation on the reality of the decentalization efforts being implemented by the Bangladesh government.

> In the present rural political economy there is an almost irresistible pressure tending to force all development inputs from Dhaka into the patronage system dominated by rural elites. Thus whether a donor assisted or Bangladesh government (BDG) financed project deals with public health or deep tube well maintenance is not really important, because whatever the inputs are, they will be used by local elites to enrich themselves and reinforce their dominance by buying or coercing the support of those in lower rural socio-economic strata.
>
> ... the decentralization ventures will be continued by the BDG only if the president thinks that the upazila and zila [district level] parishads [councils] are becoming his main base of support in the countryside--that is the chairmen and members of these bodies are in the main allegiant to him, and that through them the rural citizenry is, if not wildly enthusiastic about his continuation in office, at least acquiescent. And the easiest way to ensure that this happens is for those officials to use the block grants and other inputs coming down from Dhaka in the time-honored ways to fortify their own positions of dominance.[3]

BRAC'S HISTORY

BRAC was formed in early 1972 as a relief effort assisting resettlement of refugees in the Sulla area of Northeast Bangladesh following the war of liberation with Pakistan. Its founder and Executive Director was F. H. Abed, a CPA with a successful career as chief accountant for a major multi-national corporation. During the war Abed had gone to India to assist Bangladesh refugees who had fled there. When peace came, 10 million refugees started trekking back home to Bangladesh from India. Abed recalled this experience.

> We followed a large party of them from Meghalaya in India to the Sulla region of Bangladesh and found village after village completely destroyed. Houses--with utensils, tools, and implements left behind in terror--had been burnt to the ground, the livestock killed and eaten. We felt that the

2 The district was the first level of administration below the national level, followed by the upazila, union, and village. The upazila was the lowest level at which the government had a significant administrative presence though individual ministries such as health, education, and agriculture might have individual workers assigned at union or even village level. At the time of the case Bangladesh had 4 divisions, 64 districts, 460 upazilas, 4,500 unions, and 68,000 villages.

3 Harry Blair, "Decentralization and Development in Bangladesh: Trip Report on a Visit to USAID Mission, Dhaka, in January 1987" (unpublished).

> great suffering of the people of this region, because of its remoteness, would not attract very much relief assistance. This is why we chose to work in the Sulla area.[4]

Sulla was one of the most remote and inaccessible areas of Bangladesh. Travel to Sulla from Dhaka, only 210 miles, was a two day journey by rail, road, and motor launch. For six months of the year it resided at the center of an inland sea 50 miles in radius. During the other six months the waters receded sufficiently to allow one crop of rice.

For BRAC the first task in Sulla was to help the people rebuild their homes and for this they needed bamboo. Thus began BRAC's tradition of working on a meaningful scale. BRAC volunteers floated more than one million bamboo poles down the river from India. The flotilla of bamboo rafts strung out for 2 1/2 miles along the river, soon to be transformed into 14,000 rebuilt homes in Sulla in 1972. Timbers were imported to reconstruct boats for the fishermen, tools were provided to the craftsmen, and medical centers were opened.

From Relief to Multi-Sectoral Development

By the end of 1972, BRAC workers had come to realize that even with this impressive relief effort, living conditions for the resettled refugees were little better than they had been in the refugee camps. As 1973 arrived, Abed and his associates were already well along in development of a multi-sectoral village development project in Sulla featuring functional education, agriculture, fisheries, cooperatives, health and family planning, vocational training for women and construction of community centers. A project area of 200 villages and 120,000 people was divided into 11 sections, each with a field camp supervised by an area manager to whom four or five multi-purpose development workers reported.

Each individual sector program yielded its own learning, resulting in continuing program modification.

When only 5 percent of the 5,000 villagers who originally enrolled completed BRAC's initial literacy course, a review concluded that the material was not relevant to villager's needs and interests. A Materials Development Unit was established that completely revised the course.

Classes of 20 to 25 adults were facilitated by a group member with some education who had received special training from BRAC. Classes featured guided discussions stimulated by flip charts depicting typical village situations. The intent was to provide the learners not only with literacy and numeracy skills, but also a critical awareness on issues and problems they themselves identified as being relevant to their lives.

As discussions led to identification of important needs, possible solutions were discussed based on optimal use of local resources. The average class required 4 months to complete the 60 lessons. BRAC attempted to provide follow-up reading materials for the newly literate graduates.

In the health program BRAC turned from a program based on physician service providers to one based on paramedics, with the physicians serving primarily as trainers, and planners.

Even with such fine tuning of individual programs, close monitoring of the villages in which these programs were being implemented revealed to BRAC staff that they still were not getting the results they wanted.

Most of the benefits were going to those with relatively large land holdings. The interests of landed and landless were so opposed that it was nearly impossible for a single community association to represent the interests of both. BRAC also came to realize the particular vulnerability of women from landless households and their special needs.

Each BRAC program was operating more or less independently of the others, and remained heavily dependent on BRAC staff and leadership. The paramedics were absorbed primarily in curative services to the neglect of health education. And the literacy program was still not producing usable skills.

BRAC staff summarized the situation with the observation that their programs had fallen into the patterns of most sectoral government develop-

4 As auoted by Martha Alter Chen, A Quiet Revolution: Women in Transition in Rural Bangladesh (Dhaka: BRAC Prokashana, 1986), p. 2. This reference was used extensively in preparing this note.

ment efforts--with similar results. Again a major review was undertaken to assimilate the lessons learned and evolve a change in strategy.

New Projects and Service Units

By 1975, BRAC was again experimenting, this time with new more people-centered approaches. First came the BRAC's Jamalpur Women's Project covering 30 villages around the town of Jamalpur, an area of extreme poverty--even for Bangladesh. This was to become BRAC's laboratory for activities addressed specifically to the needs of women.

In Sulla BRAC had sought to develop solidarity among all the social groups of each village in which it worked. Later concluding that the competitive interests of the different social classes within the village were too great to make this a realistic goal, it decided to concentrate exclusively on the poorest 50% of the village population--defined operationally as those families whose livelihoods depended in part on selling labor to third parties. BRAC would concentrate on initiatives self-identified by landless associations.[5]

BRAC staff undertook a search for a "typical" thana as a site in which the new approach would be tested. In 1976 BRAC launched its Manikganj Project covering the 180 villages of Manikganj thana.

During this same period of the mid-1970s BRAC's trainers found themselves conducting a growing number of courses both for BRAC's own staff and beneficiaries, as well as for personnel from other public and private development agencies throughout Bangladesh. To facilitate this work a rural campus was established for BRAC's Training and Resource Center (TARC) in Savar, a short distance outside of Dhaka.

In the areas where BRAC's original projects were located, BRAC staff observed that numerous villages had young people with some education who emerged as leaders encouraging their villages to take on worthwhile self-help activities. So TARC set about to identify such people from villages outside of BRAC's project areas. They were provided with training on leadership, community development and other relevant skills, and sent back to their villages. Subsequently TARC provided them with a small monthly stipend and sponsored periodic follow-on workshops.

A Research Unit was added to BRAC's existing Evaluation Unit during this same period to investigate underlying constraints to rural development.

In the Manikganj Project a new mode of operation was worked out consistent with the new BRAC concepts. When entering a new village, an initial survey identified members of the target group. BRAC staff engaged villagers in informal discussions at traditional gathering places of the landless to identify their major concerns and to single out those with leadership potential. Discussion groups grew until a village assembly of the poor became formalized. Leaders received training at a special BRAC center in organizing and consciousness-raising methods.

To insure against dependence on BRAC and to discourage participation by those only interested in handouts, initial activities developed by the group had to be carried out exclusively with locally available resources. Only when the group had proven its ability to mobilize such local resources were supplemental BRAC resources offered.

BRAC's functional education program continued to provide literacy and numeracy skills, but was redesigned to raise consciousness of class exploitation and to build commitment to group action concurrently. Women's activities emphasized productive employment, often involving difficult physical work under food-for-work programs--rather than the sewing that might attract women of relatively more well-to-do families. All schemes

5 In fact those who met this definition might have some small land holding. But social norms set a fairly clear demarcation between those who were able to make their living off their own lands and those who were forced to sell physical labor to others--even though they might have a small amount of land of their own.

were planned and implemented under the supervision of leaders from the landless group.

The new focus was on building the capacity of the poor to meet truly basic needs on a sustained basis through making demands for a rightful share in government programs; bargaining for improved wages, share cropping and land lease terms; and the implementation of schemes that gained them control over productive assets.

Particularly gratifying to BRAC staff were reports of self-replication of these activities. For example, one village might set out to organize nearby villages in order to protect its newly negotiated gains in wages and contract terms.[6] There were also reports of landless from miles away asking organized villages to help them organize to obtain similar benefits.

The Manikganj project stressed self-reliance and the development of income generating activities based on savings and local resources with minimal reliance on outside inputs. BRAC staff continued to feel this was an essential concept. However, they became increasingly aware--in part through studies of its Research and Evaluation Unit--of the importance of credit in the lives of the poor.

These studies revealed the desperate situation of families faced with a crisis who had no where to turn for assistance other than to those who viewed their crisis as an opportunity to gain control of their few possessions in return for small loans at exorbitant interest rates they had no hope of repaying.

Rural Credit and Training Program

In response BRAC initiated its Rural Credit and Training Program (RCTP) in 1979 to provide credit to rural poor who had no access to formal credit facilities. It was intended to make them at once less dependent on elites and to enable them to engage in self-generated employment activities. It was originally assumed that after RCTP staff had spent six months with a new village organization on consciousness raising and non-formal education, group solidarity would be sufficient to support a credit program. It was found, however, that for most groups the expectation of receiving credit became the dominant motivation for group formation, driving out real concern for group solidarity.

The strategy was changed accordingly. Henceforth, new village groups would become eligible for credit only after a year of regular member attendance at organized activities, including consciousness raising and non-formal education programs. In addition, the group must have successfully administered a savings program for its members, established a bank account, and completed some collective activity such as digging a fish pond, planting trees by the roadside, or joint farming.

The individual borrower must have completed BRAC's functional education course and accumulated savings equivalent to 10% of the loan requested. BRAC, however, extended credit to the organization, rather than to the individual--making the group responsible for insuring that the loan was repaid.

By June 1983, 600 village organizations had been formed under RCTP with a membership of 31,543 persons.

The Outreach Program

BRAC was becoming increasingly impressed through the experience of its Manikganj Project with the importance of organizing the poor into cohesive groups able to: 1) withstand exploitation by local elites; 2) mobilize locally available resources for productive activities the landless could control and manage themselves; and 3) bargain for improved wages and tenancy arrangements.

For a time it had been hoped that the youth leaders being trained and supported by TARC would be the means of mobilizing similar efforts outside of BRAC project areas. Then in 1980, in response to major drought, BRAC sponsored a major food for work relief effort and sought to enroll the youth leaders trained by TARC in its implementation. During this six month effort BRAC

6 Landlords from organized villages commonly sought to hire unorganized landless laborers from adjacent villages to undercut these bargaining activities, or even to harass and beat up members of the organized groups. But once the landless of a given village were organized they would generally refuse to engage in any activities directed against the well being of their organized neighbors.

staff concluded that most of these youth were in fact either doing nothing or were being used by the local elites to skim off resources intended for the poor. An evaluation concluded that BRAC either had to enter an area with a serious, well supervised program, or leave it alone.

As a consequence, BRAC's Outreach Program was established in 1980. BRAC would further test the concept of emphasizing what the landless could accomplish using only their own resources, or resources that could be tapped locally through existing channels.

Outreach combined training, savings, functional education, problem solving meetings and logistics support in obtaining inputs such as seeds and *khas* lands from government. No economic assistance was extended by BRAC.

The solidarity of the groups and their belief in their own strength were to be built through social action and confrontation with exploiting groups. While careful to avoid any appearance of political confrontation with the national government, BRAC's posture at the village level became increasingly militant.

By December 1984, Outreach was operating out of 18 Centers in 11 upazilas servicing 569 village organizations in 318 villages.

BRAC saw the Manikganj integrated development project, the Rural Credit Program, and the Outreach Program as testing three alternative approaches in the search for an appropriate model for broader replication.

The Oral Therapy Extension Project

In part to avoid unfavorable political reaction to its more militant posture, BRAC became increasingly concerned with the need to establish and maintain its credibility with government. To do so it had to counter two perceptions that had become fairly wide spread in government: first that NGOs were engaged only in small localized activities of no consequence to national development; and second that their major purpose was to upset political stability at the local level.

The interest of UNICEF and other donors in the dissemination of oral rehydration therapy (ORT) seemed to provide the perfect opportunity to counter these two perceptions simultaneously. Research conducted in Bangladesh had demonstrated the possibility of dramatic decreases in infant and child mortality if mothers could be trained to give their infants and children a simple solution of salt, sugar and water when they suffered from diarrhea to restore the body's electrolytic balance. UNICEF was promoting the dissemination of ORT and the Bangladesh government accepted it as a national health priority.

With funding from UNICEF, SFCA (Diakonia), and the Swiss Development Cooperation, and the blessing of the Bangladesh Ministry of Health, BRAC established its Oral Therapy Extension Project (OTEP). OTEP fielded teams of female workers to go house to house to train mothers in the use of ORT. The effort was ultimately to cover 7.4 million households and was backed by BRAC sponsored national media campaigns that built a strong association in the minds of the elites who had access to the media between BRAC and a national scale effort to address what everyone accepted as an important problem.

The OTEP became an important factor in BRAC's subsequent growth. In January 1980 BRAC had a staff of 378 workers assisting some 800 villages. By December 1981, the staff of its rural development programs had grown to 459. But total staff had grown to 1,118 because of the addition of 659 field workers under OTEP. By June 1984 the total staff had grown to 1,983, of which 1,301 came under OTEP. [See Exhibit 2.]

Ultimately OTEP brought oral therapy to the households in two thirds of the country. BRAC wanted to complete the coverage. But it decided that it might as well at the same time increase the number of health needs addressed. Thus in October 1986 a Child Survival project was launched to cover the remaining third of the country (140 upazilas) with a three component program covering: ORT training, immunization, and Vitamin A distribution. A more comprehensive Primary Health Project was launched simultaneously targeted to an additional 15 upazilas to assist the Ministry of Health in developing its capability to address a full range of primary health care needs. Funding was provided by UNICEF, SIDA, and the Swiss Development Cooperation.

Non-Formal Primary Education

In 1984 a Non-Formal Primary Education pilot project was initiated to design a three year cur-

riculum, develop relevant materials and a teaching methodology appropriate to provide children of landless families with the equivalent of the first three years of primary education. The original 54 month (4 1/2 years) project developed a curriculum comprised of functional literacy and numeracy, basic science, social studies, health, and hygiene. The original plan called for the opening of 45 primary school centers for children 8 to 11 years old and 5 pre-schools for children 5-7 years old. Demand was so great, however, that 180 schools were already in operation in the second year.

The Merger of Outreach and Rural Credit

An underlying premise of the Outreach Program had been that BRAC should not give any economic assistance to the community, thus focusing community attention on ways in which they might mobilize existing resources, including their own savings. Most of the visible accomplishments in improving the lives of their members were accomplished by outreach groups through obtaining government lands for cultivation, collectively negotiating fair wage rates with employers, taking group loans from the Grameen Bank and other institutional sources, and availing of a range of government programs and services such as food for work, health care, and poultry vaccines.

Through its savings program each society was expected to develop its own credit union through which it could make loans to its members for economic activities. In the interests of accelerating the build up of this capital fund, members were not allowed to withdraw their own savings unless they terminated their membership in the society.

A subsequent evaluation concluded that the landless societies were unable to generate enough internal savings from their members to support a loan program adequate to member needs; and generally the societies had not been able to obtain credit from established banking sources. Thus it was concluded that further progress would depend on making credit an integral part of the program.

The independent development of the rural credit and the outreach programs had provided a test of two contrasting approaches to working with landless groups. It had become evident that they were not really alternatives. Both were essential and complementary. The two programs were merged under unified leadership in 1986 as the Rural Development Program (RDP). RDP featured an institutional development stage corresponding to outreach and a credit phase corresponding to rural credit. Manikganj was to be retained as a separately administered pilot area for testing new activities on a pilot scale before integrating them into RDP.

The consolidated Rural Development Program worked out of 43 BRAC centers in 31 upazilas spread throughout the country. Each center had its own compound with offices and living quarters for the staff consisting of a manager, three Program Organizers (POs), and an accountant. Each center was expected to service about 30 villages, each with one men's and one women's organization.

Together these centers served over 2,000 village organizations in nearly 1,200 villages with a total membership of 114,000 landless poor--60,000 females and 54.000 males. Two hundred twenty eight new village organizations had been established during the first half of 1986 alone, with 8,363 members. On the average a village organization enrolled 50 to 60 percent of the eligible village population.

Between 1979 and the end of June 1986, members of these village organizations had generated Tk. 11.7 million from their own savings. During that same period BRAC had provided them with Tk. 75.6 million (about $2.4 million) in credit. BRAC estimated that this credit had generated 1 million person days of employment. The on-time repayment rate was calculated by BRAC as 87.3 percent.

BRAC IN JANUARY 1987

By January 1987, BRAC had grown substantially and added a variety of new programs and projects. It now had some 2,500 full-time staff. Approximately 100 were located in the headquarters office in Dhaka, while the remainder worked out of centers and camps spread throughout the country. BRAC counted 40 upazilas with a population of 2.1 million people as falling within its extended project area.

Within this area BRAC estimated that 30,000 people joined an already saturated labor market each year, and noted in its three year plan that "BRAC's principal objective will be to tackle this problem by helping create the maximum number of employment opportunities in the project area."

With the exception of a small income from two businesses run by BRAC as profit making enterprises, the substantial bulk of BRAC funding came from a variety of public and private foreign donor agencies--primarily Canadian CIDA, Swedish SIDA, Swiss Development Cooperation, NOVIB [Dutch] and UNICEF. Smaller amounts came from the Ford Foundation, Oxfam America, and other private foundations.

Exhibit A

BRAC CASE SERIES BACKGROUND NOTE

Organization and Staffing

OFFICE OF THE CHIEF EXECUTIVE

Fazle Hasan Abed: Executive Director

GENERAL ADMINISTRATION

Hafez Ahmed Mazumder: Director, Administration
Shamsul Huq Chowdhury: Manager, Administration
Ms. Mahera Rahman: Office Manager

Audit Section

Manoj Kumar Paul: Deputy Chief Auditor

Construction

A. Z. M. Amirul Awwal: Manager Construction

FINANCE AND ACCOUNTS

Ranjaneswar Halder: Chief Accountant

PUBLIC RELATIONS

Dr. Lodi N.H.K.: Executive Assistant

TRAINING AND CHILD SURVIVAL PROGRAMS

Dr. Salehuddin Ahmed: Coordinator for Training and Child Survival

Child Survival Program

S. K. Sarkar: Program Manager
Dr. G. Samdani Fakir: Chief, Planning and Training
Dr. Halida Hanum Khandaker: Medical Coordinator
Dr. Wahidul Islam: Chief Medical officer
M. Rob Chowdhury: Regional Manager
M. Rahman Chowdhury: Regional Manager
Shalhadat Hossain: Regional Manager

Training

Shabbir Ahmed Chowdhury: Project Administrator

Training and Resource Centres (TARCs)

A.K.M. Nurul Islam: Senior Trainer Incharge TARC-Savar
Rafiqul Islam: Senior Trainer Incharge TARC-Modhupur
M. Bari Chowdhury: Senior Trainer Incharge TARC-Pabna

RURAL DEVELOPMENT PROGRAM

S.A. Karim: Program Coordinator
Azizul Karim: Regional Manager
Atiqun Nabi: Regional Manager
Ms. Salma Sobhan: Program Head Paralegal

INTEGRATED DEVELOPMENT PROGRAM AND AARONG

Aminul Alam: Program Manager

Manikganj Integrated Development Project

Sulla Project Markuli

Jamalpur Women's Program

Aarong Rural Craft Shops

RURAL ENTERPRISES PROJECT

A.B.M. Mukhlesur Rahman: Project Manager
Kenneth Marshall: Advisor

NON-FORMAL PRIMARY EDUCATION

Ms. Kaniz Fatema: Program Manager

Materials Development and Publications Unit

Dr. Sudhir Chandra Sarker: Education Specialist

RESEARCH AND EVALUATION

Dr. A. M. R. Chowdhury: Manager and Senior Research Demographer
Ms. Azmat A. Ahmad: Senior Research Sociologist
Quazi Mannan: Senior Research Economist

ELECTRONIC DATA PROCESSING CENTRE

Shaikh Masudur Rahman: Programmer

BRAC PRINTERS

Moazzem Hasan: General Manager

BRAC COLD STORAGE

Md. Majibur Rahman: General Manager

Note: Compiled by case writer from information provided by BRAC. Functions in capital letters report to the Executive Director

Exhibit B

BRAC CASE SERIES BACKGROUND NOTE

Staff Positions - Regular and Project

CORE PROGRAMS AND ACTIVITIES

	December 1981			June 1984		
	Male	Female	Total	Male	Female	Total
Central Office						
Board	5	1	6	6	0	6
Management	5	0	5	11	0	11
Clerical & Support	68	26	94	78	47	125
Field Staff						
Branch & Area Managers	21	0	21	28	0	28
Program Organizers & Field Workers	327	6	333	505	7	512
Sub-Total	426	33	459	628	54	682
ORAL THERAPY EXTENSION PROJECT						
Program Organizers	177	0	177	360	0	360
Oral Rehydration Workers	0	399	399	0	760	760
Support	83	0	83	181	0	181
Sub-total	260	399	659	541	760	1,301
TOTAL BRAC	686	436	992	1169	814	1,983

NOTE: This table does not include staff classed as "temporary" who were note entitled to the same benefits as those with "permanent" status.

Rural Development and Credit Programs

The Bangladesh Rural Advancement Committee (BRAC) was widely known as one of the most innovative and effective of development agencies in Bangladesh With a staff of 2,500 currently active in 1,800 villages and an annual operating budget of Tk. 100 million (US$3.2 million) BRAC was also the largest non-governmental development organization (NGO) in Bangladesh and one of the largest national NGOs in the world.

BRAC's Rural Development Program and three Integrated Development Projects had organized over 2,500 self-reliant groups in some 1,500 villages to improve the access of the landless to land, improved wages, and government services. These landless groups were also being provided with functional education, credit and training for small self-employment activities, and assistance in forming larger enterprises to produce bricks, operate village markets, and provide irrigation services.

BRAC also had provided oral rehydration training to 7.4 million rural households and its new child survival project was preparing to reach out to a third of the 105 million people of Bangladesh. BRAC's Non-Formal Primary Education Project was operating 343 schools with an enrollment of more than 10,000 rural children--60% of them girls.

An Assignment

In January 1987, Fazle Abed, BRAC's founder and executive director, met with a long time friend of BRAC, an international development management consultant.

> I'm asking the BRAC staff to think ahead to what BRAC's role should be in the 1990s. We have grown a good deal over the past few years, both in the size of our staff and in the number of our programs. But we have had some tendency to take on what ever comes along. I'm not sure that this growth has necessarily resulted in commensurate increases in our contribution to Bangladesh development.
>
> I'd like to see BRAC make a significant national impact on Bangladesh development in the 1990s. To do this I think we may need to focus more. I've told my staff to be thinking about these issues. In addition to you I'm inviting other international experts to visit and give us their impressions to stimulate our thinking.
>
> Look around. Talk to our staff Visit some of our field sites. I suggest you start with our rural

NOTE TO THE READER: The attached "Background Note for the BRAC Case Series provides basic information on Bangladesh development, the Bangladesh NGO community, and the history of BRAC essential to the analysis of this case. Each of the cases in the present BRAC case series is written so as to allow its use either individually or in sequence, but the analysis of each depends on a knowledge of the information in the background note. BRAC (A) focuses on the rural development programs. BRAC (B) covers sectoral programs and support units. BRAC (C) provides observations of top management on strategic issues.

This case was prepared by David C. Korten as the basis for classroom discussion under an agreement between the Agency for International Development (AID) and the National Association of Schools of Public Affairs and Administration (NASPAA) with funding from AID's Asia/Near East Bureau. It is not intended to demonstrate either effective or ineffective handling of an administrative situation. March 1988.

development programs. Then look at our sector programs in child survival, non-formal primary education, and rural enterprise. Also take a look at some of our support activities such as our training centers, and our research unit.

I don't want to say more now. At the end of your visit I want you to meet with myself and the senior management staff of BRAC to share your impressions and recommendations. What should BRAC be doing for the 1990s and how should it organize to do it? It would be helpful if you could leave us a written report to share with field staff and others who may miss your presentation.

BRAC'S RURAL DEVELOPMENT PROGRAMS

BRAC had two rural development programs, each with its own head reporting directly to the executive director: the Integrated Development Program (IDP) and the Rural Development Program (RDP). See the attached "Background Note for the BRAC Case Series" for historical background and other details.

Integrated Development Program and Aarong

In 1983-84 the Integrated Development Program (IDP) brought together under one management unit the three original BRAC projects: the Sulla Project; the Jamalpur Women's Project; and the Manikganj Project. Each, for historical reasons, had maintained its distinctive identity within BRAC. It was commonly noted by BRAC staff that these projects served as laboratories for the development and testing of new ideas eventually integrated into other BRAC programs.

The IDP was also responsible for managing the four Aarengs or shops that BRAC maintained in the cities of Dhaka, Chittagong and Sylhet as outlets for the products of BRAC assisted craftsmen.

The Sulla Project was BRAC's first activity, aimed at assisting refugees returning from India after the liberation war with Pakistan. The 171 men's and women's village organizations supported by the project in 108 villages had 7,000 members, nearly all the disadvantaged women and men in the project area.

These groups engaged in a comprehensive range of activities including both farm and non-farm income and employment generating activities, community health, nutrition, child and mother care, education, family planning, consciousness raising, leadership and skills training, social forestry, and food security. The village groups had formed an upazila level coordinating committee that was gradually taking on functions formerly performed by BRAC staff.

The Manikganj Project was considered by BRAC to be its most comprehensive and innovative development project. Initiated in 1976, it had grown to over 250 village organizations in 182 villages. Early steps had been taken toward federation through the formation of 15 Union Coordinating Committees.

The Jamalpur Women's Project was operated solely by and with women in the Jamalpur Municipal Area. In 1975 UNICEF asked BRAC to help it reorient its women's relief and rehabilitation project into a development project. At the beginning of 1987 the project was assisting 38 village organizations with 1,860 members in 31 villages. In addition to income generating activities, the women involved in the Jamalpur project had become highly active and successful in changing traditional social customs like early marriage, dowry, and polygamy in their villages. They had also successfully overcome the prohibition on women participating as buyers or sellers in the village markets.

The first **Aarong shop** was opened in Dhaka in 1978. Subsequently additional shops were opened in Dhaka, Chittagong and Sylhet marketing the products of 2,700 craft producers, who were also assisted in the design and testing of new products. Shops were being planned for other district towns. For 1986 these shops reported a net loss of Tk. 93,955 after administrative and general expense.

Distinctive Nature of IDP

In addition to many activities similar to those of the RDP described below, the projects of the

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IDP normally included village health care initiatives based on male and female paramedical health workers. These workers, who were trained and paid by BRAC, in turn conducted training of village volunteers selected by their village organizations to provide preventive and curative services for common ailments, as well as to run local health campaigns. The village workers were supplied with special kits by BRAC and provided services out of their homes on a purely voluntary basis.

Village health committees were formed and in some villages medical funds had been established to ensure a reliable supply of drugs to the village. Traditional birth attendants were also trained in modern methods.

Observations by Aminul Alam, program manager for the IDP:

> There are a number of differences between IDP and the RDP. Generally IDP projects bring together all components of BRAC's various activities. For example, our projects all have an integrated health activity. Aside from some health education there is no specific health activity in the Rural Development Program.
>
> We also serve as a sort of development laboratory, developing new activities that are then passed on to RDP. For example, we started the non-formal primary education activity and tried to do it in each of our villages. We are trying to develop the para-legal activity on a pilot basis in Manikganj. The poultry and livestock activities were also developed here and then transferred. We try to develop the new economic activities and the supporting infrastructure for them.
>
> On the other hand, credit is a big component of RDP, but it is not a major part of our program. In the future we will be giving more emphasis to credit. Eventually the two programs will probably be merged.
>
> So far we have chosen to keep Jamalpur exclusively a women's project to serve as a laboratory for developing our approach to women's issues. Jamalpur developed the idea of a women's health forum. It is also our pilot site for rice mills owned and managed by women's organizations. The Jamalpur women's organizations were the first to break the taboo on women participating in the market place. It is here that we first trained women in livestock raising and as para-veterinarians.
>
> In Manikganj we have had a major initiative to introduce sericulture [silk production]. Though silk is produced in other parts of Bangladesh, prior to 1980 there was no silk production in Manikganj and no mulberry trees [silk worms eat the leaves of the mulberry tree], even though there is an acute shortage of silk in Bangladesh. BRAC introduced sericulture in the district. A mature mulberry tree can produce for twenty years, but it takes two years to mature and the local people don't know the technology.
>
> Production of mulberry leaves is still too low and represents the main constraint to silk production here. So we are putting in a nursery to produce the seedlings. The government is also encouraging silk production and it's Sericulture Board offers a subsidy to encourage mulberry leaf production. If you totalled up the subsidies they have paid in Bogra district alone the whole district should be covered with mulberry trees. It isn't.
>
> We presently do some weaving in our center in Manikganj, but we don't have silk weavers in Manikganj and are using a mixture of cotton and silk. Silk production will be expanded gradually with the idea that we will sell the yarn directly to the commercial cloth manufacturers.
>
> The idea of the landless owning and operating irrigation systems to sell water to the landed also came from Manikganj.

Visitor: I visited one of the shallow tube well irrigation groups and was surprised to find they earned less from the time they devoted to operating the irrigation system than they would have earned simply hiring out as unskilled day

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labor. Yet they seemed totally committed to continuing to operate the system. It didn't make any sense.

Aminul Alam: When the landless group provides water the status of its members increases in the village. Even if it is not economic in the conventional sense it increases their social standing and their power in the community. Poor as they are, this is important to them. What we have learned is that the shallow tube wells are not profitable, as they irrigate too small an area for the investment required.

Three or four village landless groups, however, can come together and establish a deep tube well system irrigating 70-75 acres touching on several villages and serving 50-60 farmers. Each landless association has an equal share in ownership and elects its representatives to a joint management committee for the scheme. The Committee hires a manager, a cashier, a pump driver, and a watchman from among the society's members. When maintenance is required they normally give preference to hiring their own members, though for certain technical tasks they may hire outside the group.

Visitor: How is your effort to federate the village groups progressing?

Aminul Alam: Sulla is our pilot for turning over BRAC's functions to the landless themselves. Union coordinating committees have been formed and we are gradually turning over the functions of BRAC workers to them.

There is also an upazila coordinating committee. We have helped the committee establish its own secretariat that is expected to take on more and more functions.

Our intent is to make them self-financing. We have given them a revolving fund to manage for drugs on which they charge a 10% mark-up. They also receive some income from brick manufacture and other landless enterprises. They should be able to take over the function of fighting for member interests on government lands and tube wells. Within 3 to 5 years all of BRAC's functions should be turned over to the Sulla Secretariat.

Salehuddin Ahmed, coordinator of training and child survival programs:

I'm not sure that Sulla offers an appropriate test of the concept of the upazila federation. It is the most remote and difficult area in which we work, with widely dispersed villages that can be reached only by foot or boat. Even the government has a difficult time getting officials to go there.

BRAC did a good job in Sulla, but I think our motivation in turning over our functions to the landless in Sulla was influenced by these difficulties more than by the readiness of the landless societies there to assume these function. We have not yet been able to find sufficiently dynamic people to staff the secretariat. Furthermore, there are a lot of minority groups there (primarily Hindus) who have difficulty communicating directly with the government people, who are Moslems.

I think that if we want to see further progress there we will need to rethink our approach more on the lines of Manikganj and maintain our staff presence. But it will be much more expensive than in Manikganj.

Rural Development Program

The RDP was created in January 1986 through a merger of BRAC's Outreach Program and its Rural Credit and Training Program (RCTP), to create what most BRAC staff referred to as BRAC's core program activity. [See Background Note for the BRAC Case Series for details.]

RDP integrated the elements of the two earlier programs from which it was created. Thus it organized the rural poor for functional education, to gain control over and manage productive assets, and to improve their access to public services. It also provided them with credit for self-managed income generating activities.

Expansion Plan. BRAC's three year plan for 1986-88 called for the RDP to add approximately five new centers per year. Additional growth

CENTER STAFFING.

RDP program organizer's (POs) were 20-30 year old males who had joined BRAC as their first job after university graduation. The social norms of Bangladesh's traditional muslim society did not permit women to travel alone after dark into the villages, which was essential to the work of the PO. Consequently only males were recruited for these positions. Each PO was expected to service twenty village organizations. Thus a center with three POs was expected to organize and service one men's and one women's organization in each of 30 villages.

The POs were assisted by *palli sheboks* [male village workers] (PSs) and *gram shebikas* [female village workers] (GSs) recruited from the villages. They were paid BRAC workers rather than members of the village organizations and usually had 10 years of schooling. They assisted in supervising the men's and women's groups respectively, helping with implementation of functional education programs, economic activities, group accounts, banking services, and technical programs. One PS covered 5 men's organizations and one GS covered 2 to 3 women's organizations.

Each BRAC Rural Development Center was headed by an area manager, and each cluster of 10 centers was supervised by a regional manager located in the BRAC office in Dhaka.

would be achieved through adding one or two additional POs to each existing center to allow it to expand its coverage to 40 to 50 villages. Some staff felt the same expansion could be accomplished by the existing POs if they were provided with motorcycles to replace their bicycles.

A team of management consultants provided to BRAC by NOVIB, one of BRAC's donors from the Netherlands, observed that the design of the RDP allowed each center to operate as a substantially independent unit and that BRAC's well developed administrative support systems could easily support additional centers. If the money were available, the availability of qualified staff would be the only constraint on expansion.

The consultants estimated that by 1992 it was feasible for BRAC to be operating 100 centers each serving 50 villages. This would be about twice the rate of expansion planned by BRAC. With 100 centers BRAC would be covering about 5% of the villages in Bangladesh and would reach more than 5 million people.

The ability to attract larger numbers of qualified staff was widely recognized as the most significant constraint. In contrast to the period following independence, the interest of young educated Bangladeshis in serving the rural poor had declined. Even holding existing staff had become more difficult. BRAC trained managers and staff found they were much in demand by other organizations offering higher salaries.

Salehuddin Ahmed: Our salaries used to be higher than government, but now they are about the same. If our newer workers have the opportunity they often resign to accept government jobs because of the greater security. Government also offers regular hours and doesn't expect its people to go into the field in the late evening. But once people have worked for BRAC for two to three years the concept of serving the people really takes hold and they stay. They develop enough experience to see how much more effective they can be with the administrative support BRAC provides, compared to government.

Village Organizing Strategy. In opening a new area BRAC staff first did a survey to identify the poorest villages and those households in each village that met the qualifications for membership in a landless society. To qualify, the household had to depend in part on selling physical labor to third parties, and it could not have a close relationship to a key power holder such as a union council chairman or government official. The social stigma on selling physical labor assured that only households unable to maintain their livelihood

from their own land or an established trade would do physical work for hire.

After completing the survey, BRAC staff began talking with people in traditional gathering places in the village, discussing their concerns and how they might be addressed through organizing. Eventually separate men's and women's organizations were formed. At the first meeting, it was suggested the participants agree that at future meetings each would contribute a small amount to a common fund, the beginning of their individual savings accounts.

Usually one of the first activities of a newly formed group was to participate in a BRAC functional education course. BRAC trained functional education teachers from the village who then offered the courses. These courses followed a special adult oriented curriculum created by BRAC staff to develop literacy and numeracy skills, and political consciousness of various types of exploitation. The participatory group learning experience was designed to build a sense of group solidarity and the potentials of collective action.

As participants in the functional education demonstrated a particular interest, commitment, or ability they were sent to one of the BRAC training centers for training in leadership, consciousness raising, and group participation. Each year the BRAC training centers provided training for from 8,000 to 9,000 members of landless associations.

Gradually the groups were encouraged to take on a wider range of activities. For example, they might develop a small income generating activity that developed skills in planning and carrying out their own activities. As solidarity grew they might take on more difficult collective activities such as demanding that local government give laborers their proper payment under food for work programs. They might scout out under utilized government lands and petition government for their use.

As the organizations gained experience, certain individuals would emerge as leaders. Once this occurred, BRAC workers encouraged the group to elect a management committee comprised of 5-7 members so that the groups might take on more complex functions. To avoid one person becoming too dominant, there was no permanent chairman or secretary. The group selected a chairman for each meeting. Only the cashier was permanent. In addition to maintaining financial records, the cashier maintained the society's resolutions book with the assistance of the BRAC worker.

Initially BRAC workers supervised the society's savings collections, kept the savings records for each individual member, and deposited funds in a bank account on behalf of the society. Eventually some societies developed more systematic savings programs and opened their own bank accounts under the society's name, with BRAC workers checking the group's accounting records periodically to insure against irregularities. Members were encouraged to undertake small income generating activities on a collective basis using the group's savings.

Generally income generation projects involved traditional economic activities with which the villagers were already familiar, such as paddy and pulse husking, quilt embroidery, mustard oil extraction, seri/eri culture, weaving, pottery, carpentry, cow and goat fattening, jute works, poultry raising, and agriculture. Specialized training for many of these activities was provided by the BRAC training centers.

The crafts products were marketed through BRAC's Aarong shops. Other products were marketed locally by the groups themselves.

Withdrawal of savings for individual activities was discouraged because of the difficulty of re-establishing these funds once individual withdrawals were allowed. As all society members were expected to be active contributors, those who became infirm through old age, illness, or accident were expected to resign. At that time they received a lump sum payment of their savings.

Credit. BRAC introduced its own credit program only after the group had demonstrated an adequate level of social and financial discipline--including an ability to carry out small scale income generating activities using its own resources. With credit the groups could progress to larger activities.

Small trade in items such as banana, poultry, old cloth, vegetables, and bamboo was a popular income generating activity among members of the male landless societies, and members often requested working capital loans from the society for

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this purpose. Among the 30 male societies supported by the Monohordi RDP Center, 347 members were involved in small trade, usually on a part-time basis.

To process small loan requests a society divided itself into groups of five members each to discuss ideas for income generating schemes. One member might request a loan of Tk 500 to grow and sell bananas. If the other members endorsed the proposal, it was presented at the weekly meeting of the society. BRAC required that a BRAC worker be present at the society meeting to certify that 2/3 of the members were present and that 75 percent of them agreed. The most common reason for a loan request to be denied was that the individual was not considered adequately skilled.

Once these conditions were met the BRAC worker proposed the loan to his BRAC center manager at the loan review meeting held each Sunday morning. If the amount of the loan fell within his approval authority, up to Tk. 5,000, the manager normally made the decisions on the spot. Larger amounts were referred, with a recommendation, to his regional manager who could approve up to Tk. 10,000.

BRAC's monitoring systems provided clear feedback on staff performance with regard to credit programs, both the amounts disbursed and on time collections. Once the credit program was introduced, it normally commanded a major portion of the time of center staff, some estimates ranging as high as 80 to 85% of staff time. Credit programs and the related income generating activities were highly popular among the landless and commonly became the central focus of the landless organizations involved.

Larger Projects. BRAC did not set any limits on the size of a loan request. Applications for loans larger than Tk. 10,000 were forwarded to BRAC's RDP program coordinator. For the very largest projects approval was required from the executive director. Any project was open to consideration for financing if its feasibility could be demonstrated.

BRAC groups had over the years undertaken a number of substantial projects. By June 1986, 789 unused and derelict ponds had been re-excavated to raise fish. BRAC gr[illegible] had undertaken 64 shallow tube well scheme[illegible] [illegible]igating 775 acres, and 9 deep tube wells irrigating 400 acres, with the trend toward the deep tube well schemes that irrigated lands in several villages. One group had been formed to lease and operate an entire market place. In 1985, 56 men's and women's groups in one area joined together to establish a brick production enterprise.

Some schemes combined individual and collective interests. For example, a group might borrow to pay the debt on land that had bee mortgaged to a money lender by one of their members. The land would be leased to members of the organization for collective cultivation until the owner was able to repay the loan from the organization.

MANAGING COLLECTIVE SCHEMES

Management Committees

BRAC provided guidelines for management of the collective activities of its societies. For example, for each large collective project there was a management committee of five to seven members. One member of the committee was appointed to be the cashier to collect receipts. The Committee received three per cent of the amount realized from loan interest for expenses. This was divided among the members as their compensation.

Generally there were agreed guidelines for additional incentive payments. For example, if a 10 percent profit were made on a capital investment, the management committee might get 20 percent to divide among its members. If the profit were 25 percent the committee members might get 30 percent. If more than 25 percent they received 50 percent. BRAC did not allow the management committees to apply this scheme on projects that had potentials for very high profits, like the operation of a market. In such instances the management committee's incentive might be limited to 5 percent or even 2 percent.

Profits remaining after the management committee was compensated were normally allocated 50 percent for the savings accounts of the individual society members, 25 percent to a reserve fund that could be used only for new investments, and 25 percent to a general fund for operating and management costs of the society.

Management of Accounts

The management committee's cashier deposited the receipts from the project in the society's bank account and issued checks to BRAC for loan payments as they were due. For the society to make a withdrawal from its account it had to pass a written resolution signed by 2/3 of the members. Withdrawal requests also had to be signed by two or three committee members. If a BRAC worker discovered any discrepancy in the association collections or accounts he immediately informed both the committee and his supervisor.

Volunteer versus Paid Labor

On collective schemes where proceeds were shared, tasks that might be carried out in an hour or so were normally done on a volunteer basis. But the society members lived at the margin of subsistence and could not afford to lose their daily wage to provide free labor. Even giving two hours of time might result in the loss of an entire day's wage. So for larger tasks workers were hired on a contract or a daily basis, using loan funds to be repaid from earnings.

Step Toward Federation

The RDP was encouraging cooperation among landless groups in the formation of larger collective enterprises, both as a means of increasing their incomes and as a step toward the formation of federations of village organizations. RDP's June 1986 report indicated that 24 committees of landless organizations had been formed at the area level (villages covered by one BRAC RDP center).

These committees met monthly to discuss issues that could not be resolved by individual village organizations, such as: wage bargaining, political representation tationtationtationtationon union and upazila councils, protest actions, and demands for improved government services.

Mr. S. A. Karim, program coordinator of the RDP commented on this effort:

> We are encouraging the village associations to join in larger groups that can take on most of the functions of the BRAC staff.
>
> Some of the technologies like poultry can be easily managed by a landless organization. However, there may be activities like some of the large irrigation schemes we are thinking about that may be beyond the capacity of the group without outside assistance.

Irrigation

BRAC had developed a number of irrigation schemes for the landless and saw potential for substantial further expansion of the concept.

> Karim: Irrigation is popular not only with the landless, but also among the farmers served. In some cases farmers who were not getting adequate service under their existing arrangements have heard about the success of our groups and asked one of our landless organizations to take over their system.

The major constraint was a new government policy that government irrigation assets could be distributed only by the Bangladesh Rural Development Board (BRDB) through the societies that it organized. Normally the BRDB organized only the landed farmers.

By 1987, BRDB was also organizing some landless groups as well and these groups could qualify to purchase pumps for irrigation at the subsidized rate. But an NGO organized landless group had to pay full price for the same facilities. BRAC was negotiating with the government and various donors to revise this policy.

BRAC had determined that there are no government regulations restricting BRDB farmer groups from reselling their system to a landless group, as had already happened on several occasions.

Some efforts had been made to obtain allocations of food for work grains from upazila council's for use by the landless societies in developing their irrigation facilities and leveling the newly irrigated land to increase its productivity.

These efforts had not yet been successful as upazilas generally insisted on limiting the use of the grain to road construction. BRAC staff felt this was less a matter of unwillingness to assist the landless than the fact they knew how to measure the amount of earth moved in road construction,

the basis on which they received food for work allocations, but did not know how to make these measurements on other types of construction.

VISIT TO BRAC'S MONOHORDI RURAL DEVELOPMENT CENTER NARSHINGDI DISTRICT

The Monohordi center served four unions. Previously its assigned target had been to develop landless organizations in 30 villages and 1,894 households. Twenty six villages and 1,399 households had been covered. Recently the target for the center had been increased by BRAC to 50 villages, each with one male and one female landless organization.

Interested households in a village with an existing association had to apply to and be accepted by the members of that association. Sometimes even poor applicants were rejected if they were related to a key power holder such as a union chairman or a government official. Others might be trouble makers or dishonest.

Staff Duties

Visitor: Can you describe a typical day for a PO?

Center manager: Our staff, including the 6 male and 10 female village workers, are all expected to be present at the center from 9 to 10 each day except Friday to review their work of the previous day, finalize work plans for the current day, and complete paper work. At 10 a.m. each then departs on his or her first assignment of the day.

Each PO supervises 15 village organizations and is expected to attend 5 male and 5 female meetings each week, visit collective activities such as paddy cultivation and husking, and deposit any funds collected during the day in the bank. A male worker might go directly from our morning meeting to visit a collective irrigation scheme to check on fee collection. A member of the landless society will be responsible for collecting the fees and depositing them with the society's cashier.

During the time when collections are being made a male worker is assigned to check on the collector once in the morning and once in the evening to go over the collections and deposits. He then checks with the society's cashier and picks up the amount deposited by the collector with the cashier to be deposited in the society's bank account. The fact that a BRAC worker may appear at any time to check on the accounts helps insure honesty.

The male worker might then return to the BRAC center about 1:00 PM for lunch, report on his morning visit to the center manager, and then be off again to attend the meeting of a male society to review loan repayments.

For loans to traders with permanent stalls in the market, a BRAC worker visits the stall occasionally to check the value of the stock and cash on hand to insure the trader's total capital is equivalent to the amount of the loan. It is the responsibility of the society to make these checks on a regular basis. The BRAC worker makes occasional spot checks.

On reading this report, Karim, the RDP program coordinator, made the following observations.

Holding a daily staff meeting at a center is not the normal practice except for new workers in their initial training period. The normal practice is for the center manager to meet formally with the POs once each week and with the village workers once each 15 days.

Our policy is that all cash transactions should be directly between the group and the bank. Sometimes in the peak seasons when there are large cash collections the PO may make deposits to the bank on behalf of a group, but we discourage this. We don't want the POs handling cash.

Central Committee

A central committee had been organized comprised of the societies in the Monohordi Center's four unions. Normally the village societies did not have union level meetings, but

when the central committee met the members sometimes held union meetings.

When asked why they did not form an upazila committee, the center manager responded:

> There is another BRAC center in this upazila with its own unions. If our group called itself the upazila central committee the other group would ask why our group presumed to represent the upazila, as would the landless groups of other NGOs in the upazila.

Originally all the organizing in the villages around this center was done by BRAC. At the time of the visit, however, the village societies were doing their own organizing. When a new village was being organized, BRAC would do the initial survey. But after the BRAC workers had initiated the organizing process members of the central committee might go and tail: to the people. Sometimes the prospective members went to an established village to attend a meeting, though this was not a normal part of BRAC's organizing process.

The center manager observed: We look forward to the day, perhaps 5 to 7 years from now, when we can close this center and move our people to a new location. The groups are now able to resolve their own conflicts and increasingly to make their own representations to government.

> The BRAC worker still supervises the savings and credit programs and acts as a consultant to the groups on income generation. Also we must do some things with the government. For example, for poultry immunization the upazila veterinarian doesn't receive adequate stocks so we must obtain them directly from the ministry in Dhaka and deliver them. We are working on getting the upazila's quota increased.

Visitor: Is there a possibility of the groups being able to arrange credit directly from a bank so they would no longer depend on BRAC's credit program?

Center Manager: The local bank is ready to extend loans to the landless. But the higher level bank policy will not allow it. Presently they are only allowed to make loans against mortgaged land. If landless groups were able to borrow from a bank on the basis of their savings record it might be possible to develop these village societies into real credit unions connected to bank financing.

In a subsequent discussion of this issue with BRAC staff in Jakarta, one staff member observed:

> Being able to offer credit is important to the BRAC worker in maintaining access to the villagers. If the landless members were getting credit from elsewhere they might not pay an attention to us any longer.

Union Council Participation

Two members of landless societies served by the Monohordi Center had been elected to the union council. Center workers had assisted the landless associations in helping interested village societies plan and finance their campaigns.

One of the concerns of landless representatives on the union council was to see that the poor were actually hired by food for work schemes carried out by the union, and received their proper wages. For every food for work project there was a chairman selected by the union council, who essentially became the project contractor.

As yet no landless society had actually run a food for work project under union council auspices. But some landless societies had negotiated representation on the project committee to insure proper payment of wages.

Rating Societies

The RDP had introduced a scheme for rating the development and performance of each village society on 13 criteria. [See inset next page.] These were then translated into A, B, C or D ratings.

Ratings for Monohordi Center Groups

Rating	Male Groups	Female Groups
A	12	13
B	10	8
C	8	5
D	---	---

GROUP RATING CRITERIA

- Regular weekly meetings.
- Regular member savings.
- The society has emergency, savings, and reserve funds all clearly defined.
- Minutes of all meetings.
- Participatory decision-making.
- Members have a high level of consciousness.
- The landess group participates in any village decision-making.
- Maintains liaison and relationships with other village organizations.
- Financial and non-financial discipline is always maintained.
- The members are willing to protest any form of exploitation without any help from outside the organization.
- Ability to plan for any program.
- Ability to work out ways of generating their own funds.
- Represented in the local government.

To obtain an "A" rating a group had to qualify on at least 10 of these criteria. At least 9 = B. At least 6 = C. At least 3 = D.

Groups rated "A" were generally involved in all the BRAC programs, were more self-sufficient in their management, and were able to qualify for larger loans. BRAC staff generally made more frequent supervisory visits to lower rated groups.

The center's most recently organized society, a women's group established in January 1985, had already achieved a B rating. Overall female groups were considered stronger than the male groups.

The Landless Society Owned Brick Yard

The Monohordi Brick Yard was a collective project of all the societies served by the Monohordi Center. Thirty male and twenty six female societies were members. Together, they had contributed Tk 200,000 of their own funds plus an additional Tk. 900,000 borrowed from BRAC for capital investment. In 1986, the first year of operation, the brick yard had not sold all the bricks produced and was unable to make its full loan repayment. Though there were no profits, it had provided nearly 27,000 person days of employment in its first nine months of operation.

Each village society appointed one member to the management committee, which met once each year. It in turn elected a Controlling Committee of 12 members (7 male and 5 female) that met once each month.

The controlling ingingcommittee was divided into a 5 member [3M, 2F] marketing and purchasing committee and a seven member [4M, 3F] production committee. Each day two members of the controlling committee were appointed to supervise the operations of the yard, for which service they received Tk. 30 per day.

The management committee appointed a full-time salaried manager. Other salaried employees were an accountant, a clerk, and a guard. Some workers were contracted for the entire season. Others were hired only for the day. Except for the manager and the skilled individuals responsible for firing the bricks, all employees were society members.

Day to day responsibility for purchasing--firewood, clay, machinery, etc.--and sales resided with the accountant under the supervision of the persons assigned for that day from the controlling committee. The committee members checked deliveries and specifications. BRAC had supervised the construction and checked the accounts once each week, but beyond that provided no management services to the brick yard.

The Landless Operated Market

Markets in Bangladesh came under the authority of local administration, which commonly contracted out their management on a bid basis. The successful bidder was responsible for maintaining the market, assigning stalls, and collecting fees from traders based on sales. Whatever

was collected above the fee promised to the local administration was the contractor's to keep.

There was potential to earn substantial profit from a market contract. But usually market management was noted for being both inefficient and highly corrupt. The rules regarding the amount of tax due on different transactions was usually unclear and traders were constantly overcharged by collectors.

BRAC had been encouraging its stronger landless groups to bid for management of a local market. The Monohordi Center groups had submitted a successful bid. As local custom barred women from participating in the market, only the 30 male organizations were involved in this collective activity. BRAC developed an accounting and management system to carefully control the fee collection process. The management committee for the market hired and supervised an accountant who was a landless society member with a secondary school certificate specially trained by BRAC.

Collectors were hired on a daily basis depending on requirements. On Sunday, the big market day, generally 100 to 125 persons worked as collectors. On a Wednesday it might be as few as 25 to 30. Each collector had a book of receipts, stamped with a symbol for that day and color coded for the amount--from 25 piasa to 5 taka. The fee collection schedules were publicized and traders were instructed that they must receive a receipt for every fee paid. BRAC workers made regular checks to insure no irregularities. The integrity of market administration had won enthusiastic praise from the market's regular traders.

VISIT TO BRAC'S GHEOR RURAL DEVELOPMENT CENTER MANIKGANJ DISTRICT

The manager of the Gheor Center emphasized efforts to turn over as many functions as possible to the landless associations.

> They are responsible for recruiting their new members and deciding who to accept. They have the skills to call and coordinate their own meetings. They can develop the agenda, make decisions by consensus, give assignments to follow-up on implementation of decisions, and question one another on their business proposals. Originally the BRAC worker did all this. The PO used to attend every meeting. Now he visits each group only in 15 days.
>
> The male and female organizers still visit more often and what ever happens in the association meeting, they report it to the PO for decision. If the PO cannot handle it he brings it to me. For example, day before yesterday one of my POs told me a group had paid a fee to a government official for permission to use a piece of government land. When they went to occupy the land someone else had already occupied it. I advised the PO on how best to handle the conflict.
>
> Increasingly landless groups are forming themselves and then asking us for assistance. Several of our village societies started this way. We even get requests for such assistance through the upazila administration. Once BRAC has taken the village on it is the job of BRAC to look after all of the activities of the village. I believe villagers ought to be able to do more for themselves. For example, they should be able to do savings collection. They should be able to do all the mobilization and organization work.
>
> We decided there is no real reason for a landless organization at the union level, because most government resources and services are allocated by the upazila. We would like to avoid a multi-level hierarchy. Our thinking is to stay with the village societies and then have either an "upazila" committee or a "central" committee comprised of the societies formed under one BRAC center.
>
> Our strategy is to begin by forming purely task oriented groups that involve more than one village society, say a committee for a mass forestry program. The committee members would promote the program, collect fees, collect seedlings from the government, and distribute them to the societies.
>
> Or we may want to do a mass immunization campaign. The committee would plan the cam-

paign and get the vaccines, motivate the villagers, etc. We have a plan to do fertilizer and pesticide purchasing. Such functions are now all done by BRAC, but perhaps they might be taken on by a central committee of the landless.

When it comes to credit and income generation activities more outside assistance is necessary. No matter what we do, however, it seems difficult for us to withdraw. Though the older, more established village societies take over functions originally assisted by BRAC, they also keep taking on new and more complex activities with which they need assistance. So the demands on the center staff always remain about the same, though their nature changes.

We will be trying to expand the number of villages we cover. The present target is that each center should organize and support 30 villages and 60 village societies.

In villages with established groups, most of the landless who are not members have been rejected by the group for a good reason. Perhaps they opposed the organization, are in conflict with other members, or are likely to exploit the group for personal advantage--for example by not repaying loans.

The Gheor Center had trained designated group members to carry out poultry and cattle immunizations in their village in return for a small fee to compensate them for their time. BRAC obtained the vaccines from the government veterinarian at the upazila headquarters. In some areas where the vaccines were not available from local officials, BRAC obtained them from the central ministry office in Dhaka and distributed them. The designated group member picked up the vaccines from the BRAC center and reported on the numbers of immunizations given so that the responsible government extension officer could include them in his performance report. BRAC also supplied medicines, training, and egg and chick distribution.

Services such as poultry immunization were supposed to be routinely available to the landless, but government workers seldom had the means to provide them below the upazila level, and the landless were not able to travel to the upazila headquarters or to approach officials at that level once they got there. In such instances BRAC workers commonly served as intermediaries. The Gheor Center played a similar role in obtaining fish fry for groups engaged in fish culture.

It was hoped that one day these liaison functions might all be picked up by a central committee of the landless.

Visit to Deep Tube Well Irrigation Scheme

There was no irrigation in this location prior to the introduction of this scheme by BRAC in 1984. The first year it irrigated 52 acres. By 1986 it was irrigating 66 acres and was expected to reach 70 to 72 acres in 1987. Ten acres had been purchased by the landless group for collective cultivation and some members of the group had obtained rights to share crop 12 acres.

Irrigation had increased both grain production and labor requirements, making it possible for the landless to negotiate increases in the daily labor rate--from Tk. 10 to 15 before system installation to Tk. 25 in 1986.

It was only possible to produce one crop a year because the entire area was under water during the monsoon season. The pump house, which was on high ground had a water line about four feet up from its base showing where the previous flood had come.

The landless society received 1/4 of total production as its water share. The well and pump were purchased by the society from the government under a subsidization scheme using a loan provided to the society by BRAC. The loan also covered the labor of society members engaged in constructing the canals and other facilities.

Loan payments had been made on time each year with the exception of 1984, when the scheme was flooded out and experienced a loss. The loss had since been recovered and the loan payment made. For 1986, revenues were Tk 1.44 million, producing a profit of about Tk .3 million after payment of interest, depreciation and other expenses.

The irrigation scheme had a seven member management committee that met each week to supervise system management and maintenance. There was no overlap with membership on the regular society management committee. The paid

VISIT TO A BRAC WOMEN'S GROUP

When we arrived the women were all seated on the ground, some nursing babies, waiting for the meeting to start. Other children ran around the area and tugged on their mothers. It was market day and most of the men had gone off to market. A few young men who remained stood near the women observing and talking loudly among themselves throughout the meeting. No one seemed to mind the confusion.

On seeing us approach, the women all stood. Chairs had been arranged to one side for the visitors--all male. After we were seated the women returned to their seats on the ground.

As BRAC groups have no permanent chairperson, first order of business was to chose a meeting chairperson. The first item discussed was the poultry and cattle raising program.

The BRAC PO (male) stood above the women to one side, frequently breaking into the discussion to offer suggestions. Other BRAC staff who had come as part of our group regularly injected their comments. They sometimes had to shout to insure they were heard over the voices of the women or other BRAC staff who were offering their comments simultaneously.

The meeting proceeded at a lively pace with no apparent indication that the women felt the least inhibited by the presence of a group of active male strangers--including a foreigner.

One woman who had taken a loan to purchase poultry was asked by another how the business was going. She replied that it was going well and she had no difficulty making the credit installments. Another woman said she had observed that a member of the group purchased a chicken in the market and it had died. Why did it die? Had she had it vaccinated? This provoked a discussion about how her carelessness might infect the other chickens. At one point the PO took the floor to lecture them on the importance of getting their poultry immunized and how to do it.

A woman who had taken a loan for a cow explained that she was selling the milk in the market at a profit and would have money left over for family expenses after making her loan payments. Two other group members who had received loans for the purchase of a cow and a goat discussed arrangements for purchasing them. As custom prohibited the women from going to the market they would have to send one of their husbands.

Then a woman spoke up to say she wanted a loan of Tk 4,000. Another woman asked whether she had savings equivalent to 10% of the loan amount. She said there was still some shortage. The others said they would consider her request as soon as she had saved the required amount. Another lady requested a loan for Tk 1,000. She was asked whether she had taken a loan before. She explained she had taken a loan for 1,000 that was repaid. Others made their requests and were questioned in similar fashion by the members.

Every member had her own savings pass book. One side of the page recorded savings, the other side loans and loan repayments. The questions being asked could be easily answered from the books. The center manager observed to me that before they began using the passbooks the only records were maintained by the BRAC worker. He explained that the pass books were a big improvement not only because they allowed members to verify their claims regarding savings and past loans, but also because they now had a visible record of their savings--building motivation for further saving.

staff--a manager, a pump driver, and a drain man-all reported to the management committee.

The *scheme* management committee had formed a special *farm* management committee consisting of five additional members of the landless society who were farming land in the scheme and six farmers from the scheme area who were not members of the landless group. The farm management committee held no meetings of its own, but met with the scheme committee on alternate weeks to discuss issues relating to water distribution and farm plans.

The stated purpose of the farm management committee was to insure participation of the farmers in the decision making and provide a channel for complaints. But members of the landless society operating the system considered its most important function to be to encourage the farmers who were not group members to use high yielding varieties and adequate applications of fertilizer so that production would be increased. At the urging of the landless the farmers had begun planting in rows rather than broadcasting, using pesticides and making balanced applications of fertilizers. The committee was considering making pesticide applications compulsory to insure proper coverage.

The society had made a request to BRAC to purchase a second deep tube well system. BRAC had declined the request in the interest of spreading its capital among more societies.

Sector Programs and Service Centers

The Bangladesh Rural Advancement Committee (BRAC) was widely known as one of the most innovative and effective of Bangladesh development agencies With a staff of 2,500 currently active in 1,800 villages and an annual operating budget of Tk. 100 million (US$3.2 million) BRAC was also the largest non-governmental development organization (NGO) in Bangladesh and one of the largest national NGOs in the world.

An Assignment

In January 1987, Fazle Abed, BRAC's founder and Executive Director, asked a long time associate, to take a look at BRAC's current activities and share his impressions with the BRAC staff. Abed and other members of BRAC's senior management staff were concerned that BRAC's impact on Bangladesh development had not kept pace with its growth in staff and programs. What should BRAC be doing in the 1990s to have the optimal beneficial influence on Bangladesh development? And how should it organize to do it? These were the two key questions posed.

The consultant first examined BRAC's two rural development programs. See BRAC (A). He then turned his attention to familiarizing himself with BRAC's sectoral projects and support units.

BRAC's most significant growth in recent years had been in health. New projects in oral rehydration therapy and child survival deployed some 1,500 workers over a major part of the country.

A Non-Formal Primary Education Project had established and staffed elementary schools for children of poor families in 343 rural villages, with plans to expand to 563 by the end of 1987.

A number of smaller initiatives had been undertaken and others were planned. BRAC also had a number of centers that provided services, such as training and research, for its various programs and for other development agencies in Bangladesh. [See Exhibits 1 and 2 of the "BRAC Background Note" for details of BRAC's organization and staffing.]

THE CHILD SURVIVAL PROGRAM

BRAC had a long history of involvement in health under its Integrated Rural Development Projects. The early Sulla relief project had featured conventional physician provided health care.

Later the Manikganj Integrated Project had developed a comprehensive three level health care and family planning system with: village volunteer health workers selected by the landless organization in each village; a paramedic serving each 10-12 villages; and a physician providing

NOTE TO THE READER: The "Background Note for the BRAC Case Series provides basic information on Bangladesh development, the Bangladesh NGO community, and the history of BRAC essential to the analysis of this case. Each of the cases in the BRAC case series is written to allow its use either individually or in sequence, but the analysis of each depends on a knowledge of the information in the background note.

This case was prepared by David C. Korten as the basis for classroom discussion under a Cooperative Agreement between the Agency for International Development (AID) and the National Association of Schools of Public Affairs and Administration (NASPAA) from AID's Asia Near East Bureau. It is not intended to demonstrate either effective or ineffective handling of an administrative situation. March 1988.

overall training and supervision. The village volunteer health workers were trained to deal with 10 common diseases, family planning, and the promotion of preventive health measures. Training was also provided to village midwives on principles of hygiene and proper pre- and post-natal care to upgrade their skills.

The Manikganj project maintained a child welfare center for severely malnourished children where mothers could stay with their children while they received rehabilitation care. During the stay the mothers were required to participate in a health education course and were given training in cow rearing, poultry, fish culture, etc. so that they could earn the increased incomes necessary to provide their children with a basic diet.

Up until July 1980, all of BRAC's activities had involved working intensively with individual landless groups over a long period of time on a range of development needs. That July saw a significant departure from this pattern with the initiation of the Oral Therapy Extension Program (OTEP) in response to the reality that dehydration from diarrhea was one of the major killers in Bangladesh. OTEP was a self-contained program not directly related to other BRAC field activities, though its messages had been integrated into BRAC's functional education course.

Under OTEP, BRAC fielded teams of female Oral Rehydration Workers who moved systematically through the countryside training one female member of every household in oral rehydration therapy. The trainees were taught how to prepare and administer a mixture of salt, molasses, and drinking water using locally available materials to re-establish the body's electrolytic balance. The OTEP eventually provided oral therapy instruction to households throughout two thirds of the country.

Various promotional activities were carried out by BRAC in support of the oral therapy campaign. At national level educational messages were broadcast over television and radio and through the print media to reinforce the message being carried from house to house by BRAC's extension workers. At the local level students were mobilized through their schools, youth clubs, and associations to help popularize the technique. Adult males were mobilized through mosques, markets, and male seminars to encourage their support.

The OTEP itself gave rise to other initiatives that took BRAC beyond the localities of its established village organizations.

In 1982 some of BRAC's OTEP workers who were mobilizing students in support of the oral therapy campaign became concerned that students living in rural areas had few books available to maintain their reading skills. So they launched a "library movement" under which a school, club, or association that signed up a hundred new paid-up subscriptions for BRAC's journal *Gonokendra* received a gift of books and journals equivalent to 75 percent of the subscription fees collected to start libraries. One hundred ninety one rural libraries had been established as of 1986 as a result of this initiative.

Building on the OTEP experience, in October 1986 BRAC launched a Child Survival Program consisting of two projects: a Child Survival Project; and a Primary Health Care Project. Unlike OTEP, which was carried out entirely independently by BRAC, these two new projects, which would run until December 1989, were carried out with the direct participation of the Ministry of Health and were intended to strengthen the ministry's primary health care and child survival programs. This was the first major BRAC initiative with an explicit objective of strengthening the capabilities of a government agency.

The government had given high priority to a variety of child survival activities, but in spite of extensive investment in health centers and personnel, performance had been poor. For example, the government had reached only 1.6 percent of children age 0-2 with DPT immunization in 1984, the program's best year. With the assistance of various donors the government was placing a major emphasis on increasing immunization coverage. BRAC hoped to make a substantial contribution to this effort.

Together the two BRAC projects had a target population of 155 upazilas, 1,430 unions, 28,852 villages. It intended to reach 90 percent of the 4,490,799 households in these villages--30 million people--or approximately a third of the rural population of Bangladesh.

The Child Survival Project

The Child Survival Project was to be implemented in the 140 upazilas located in 16 districts that had not been covered by OTEP. While it built directly on the OTEP experience, it had two components in addition to ORT training: immunization, and vitamin A distribution. The approach and personnel of the ORT component were different from those of the immunization and vitamin A components.

Field Teams. Two to three teams of five female health workers and two male program organizers were fielded to each upazila for a period of a year. Female workers gave training to groups of five village women in ORT preparation, and in the importance of immunization and the use of vitamin A. They also informed the women when immunization sessions were being scheduled in the village and on how to obtain vitamin A capsules. The male field workers met with male leaders and held meetings with men in traditional gathering places to explain the importance of ORT, immunization and vitamin A. These teams spent eight weeks in each union, during which time they were expected to provide training to 90 percent of the union's households.

Upazila Teams. Three person supervision teams were fielded to each project upazila for a year to supervise the field teams. In addition, they provided training to government health and family planning workers in how to develop village rosters, and mobilize community support. They also assisted the government workers in setting up the logistics of vaccine supply, cold chain maintenance, deployment of immunizers, as well as in development of systems for vitamin A distribution and monitoring. The second year a district team was to provide follow-up support to the government health centers and monitor the extent to which the results of the first year were sustained in the absence of BRAC field workers.

The Primary Health Care Project

The Primary Health Care Project sought more comprehensive improvement in the government's primary health care services. It had nine components: ORT training, immunization, nutrition education, training of traditional birth attendants, pure drinking water supply and use, health education, basic curative treatment, and family planning.

This project was considered more experimental. Consequently it was being introduced only in five pilot upazilas the first two years. Plans called for subsequent expansion into ten more.

BRAC intended to help Ministry of Health personnel develop workable models for a sustainable and effective rural primary health care system. This system would promote and support self-managed health care at village and household levels, and link this to the health services available from government facilities.

Initial project field staff would number 200, doubling to 400 in the third year to support the expansion. In each project upazila BRAC fielded an area manager, a medical doctor, a program organizer-logistics, an accountant, and a process observer. In addition, 5 seven person field teams (five female health workers and two male program organizers) were fielded to each upazila. Each team was to concentrate on two unions during the two year period. The BRAC planning document noted that:

> In addition, the normal complement of government health care doctors and field workers will be working on health care in each upazila. It is hoped that the BRAC field teams can work side by side with the government health workers in the field to supplement their work and to learn with them.

In each upazila the government had an Upazila Health & Family Planning Office with overall responsibility for health and family planning activities. On average each upazila actually had one immunization technician, one sanitary inspector, one or two health inspectors, five assistant health inspectors (one per each two unions), and 30 health assistants (3 per union)--in addition to staff fielded under the family planning program. On the basis of sanctioned positions each upazila was supposed to have three health inspectors, nine assistant health inspectors, and 46 health assistants.

Under the Child Survival Program, BRAC's proposal called for providing management train-

ing to 38 government District Civil Surgeons, and Deputy Directors for Family Planning, as well as to 80 Upazila Health and Family Planning Officers, and Family Planning Officers. BRAC training on immunization procedures and record keeping was planned for the government's upazila and union health workers.

BRAC had a plan to organize a Technical Advisory Committee for its Child Survival Program. This committee was to consist of a number of knowledgeable medical doctors and public health specialists who reviewed plans and progress, and approved all technical materials used in training and field work. BRAC participated in a consultative group organized by UNICEF comprised of various donors and private development agencies carrying out broadly based health programs in Bangladesh.

Observations by BRAC Staff

Dr. Mushtak Chowdhury, Head of the Research and Evaluation Unit:

> I did a study of OTEP as part of my doctoral thesis research and found that the mothers we trained were using the mixture with only about 10 percent of the cases of diarrhea experienced by their children.
>
> In searching out the reason I found that the village people distinguish between four different types of diarrhea and give them different names. BRAC workers had been using a term that the people apply to only about 5 percent of the actual cases. We were getting very high use of the mixture for that type.
>
> We also found that only 10 percent of the households we targeted had gur [molasses] available. We changed the message to include the names of all four types of diarrhea and told them they could use either gur or sugar.

Dr. Salehuddin Ahmed, Coordinator for Training and Child Survival:

> UNICEF contracted an outside evaluation that compared the performance of OTEP between BRAC project areas and non-BRAC areas. It found that approximately 90 percent of the people were aware of the oral therapy in both the BRAC and the non-BRAC areas. In the non-BRAC areas the evaluation attributed the awareness primarily to the result of the media campaign over radio. A separate evaluation was done by BRAC to determine actual use in the BRAC areas. Our target had been to achieve 50 percent use, but the actual use was only about 35 to 36 percent use. We were quite disappointed with these results, but the experts tell us this is quite good for the introduction of a new health practice.
>
> We also routinely send out a monitoring team one month after our teams have conducted training in a group of villages to test recall, understanding, and use in a two percent sample of households. This is intended in part to test the quality of the training of our field workers.
>
> These monitoring surveys indicate we have been getting from 40 to 45 percent usage. The reason this is higher than the evaluation may be that this survey is done only a short time after the intervention.
>
> Even though the experts tell us our results are quite good we are still not satisfied. Our research unit is trying to find out why use is not higher. Some people think that mixing the solution is cumbersome and that people prefer to take a pill.
>
> One problem is that both the quacks and the doctors discourage people from using the solution. Though they tell us they are supportive, in fact they want people to buy pills; they want the business. The people also have their perceptions about medicines. They feel a pill they buy is better than something they mix themselves.
>
> I see villagers go to the pharmacy and just ask for a one thaka pill, they don't even say what kind or what it is for. I asked one what he was buying. He said, "I don't know. I just want a medicine." The pill was tetracycline.
>
> We have changed our message to the mothers to include all four terms used for diarrhea and

intensified our efforts to train the quacks, and motivate the doctors. We even brief the Imam's and encourage them to promote oral therapy in their sermons. We don't know for sure yet how much difference this has all made, but our program people feel there has been improvement.

NON-FORMAL PRIMARY EDUCATION

In spite of impressive public expenditures for education, resulting in a substantial increase in primary schools in the rural areas, by the beginning of 1987 public school attendance was still low and actually declining. Of those children who did enroll, 55 to 60 percent dropped out within their first or second year of attendance, before attaining numeracy and literacy.

Though boys and girls started school in roughly equal numbers, the girls were the first to drop out. Obliged to help their mothers look after younger children and living in a culture that expected them to spend their lives within the home, the education of girls was considered a luxury that poor families could ill afford. BRAC felt over the longer term that improving the future of the landless groups depended on increasing the educational levels of the children. Education of the girls was considered especially important.

In 1984, with funding from the Canadian International Development Agency (CIDA), BRAC initiated a 54 month pilot project in Non-Formal Primary Education (NFPE). It was intended to provide children from poor families an alternative to the government's public elementary schools.

Under NFPE BRAC hired, trained, paid and supervised locally recruited teachers to teach a special three year non-formal curriculum. The teachers, 70 percent of whom were women, were paid Tk. 275 per month. Classes were conducted either in existing facilities rented by BRAC at a nominal rate or in simple low cost structures constructed by the village on village land. Books and classroom supplies were provided free by BRAC. Pre-school courses for 5-7 year olds had also been opened in some villages.

Extensive discussions had been held with parents of the prospective students to insure the relevance of the NFPE curriculum and the suitability of its schedules in relation to the demands of rural life. The resulting three year curriculum covered functional literacy and numeracy, basic science, social studies, health and hygiene. Classes were scheduled for two and a half hours a day six days a week throughout the entire year. The first students to complete the full three year curriculum would graduate in April 1988.

BRAC originally intended to offer only 45 schools on a pilot basis over the four and a half year period of the project. Each such "school," the term used by BRAC staff, was expected to take one group of students through the three year curriculum. As the project was initially considered to be experimental, no decision had been made as to whether a school would be repeated in a village following the graduation of the first class.

Demand for the course was so great that 343 of these schools were already in operation by the beginning of 1987 and plans called for 600 to be in operation by the end of the year. Early expansion had been funded by using funds originally budgeted for school construction and uniforms. The RDP had its own funding for the schools in its areas.

NFPE had proven to be highly popular and demand was substantially exceeding BRAC's ability to respond. It was reported that some students who completed the first two years in the BRAC school and transferred to the government school for their third year had found themselves to be well ahead of their class mates. Government schools introduced English in the third year and had English as a requirement for entry to the fourth year. The BRAC schools did not originally offer English, so students who wished to continue their studies had to transfer the beginning of their third year or lose the possibility of continuing their education. BRAC had recently introduced a special course in English that prepared students to make the transfer.

Observations by Ms. Kaniz Fatema, Program Manager for Non-Formal Primary Education:

> We started with 22 schools and planned to have 45 centers in 5 years. But there was so much demand from group members that we had 176 schools in operation in the second year. Without BRAC's strong administrative infrastructure in accounting, and logistics--and

especially the training centers--this rapid expansion would not have been possible.

In our original proposal for NFPE we maintained that drop out rates were high in government schools because parents were not interested in their children's education. This was more or less the conventional wisdom. Our experience has demonstrated that it is incorrect. Demand is high even in non-BRAC areas. We opened ten schools in villages that did not have BRAC organizations as a test to determine whether the preparation of the community provided by the rural development program was critical to the success of our schools. We found no real difference.

Visitor: Why don't parents send their children to government schools?

Fatema: Government schools are not managed properly and the children do not find them interesting, even though the government and various donors are pouring money into them. Many teachers are local elites interested only in getting a government posting. They are not properly trained and supervised, and often don't show up for classes. They use physical discipline. They neglect the poor students who are likely to fail behind because their uneducated parents are unable to help them with their lessons. The textbooks are not relevant to the experience of the students and are not properly graded.

We give intensive training to motivated people from the community to teach in our schools and supervise them closely. Our curriculum is designed to make learning enjoyable and relevant to the children's experience. We use graded textbooks developed by our own staff. We also emphasize co-curricular activities: singing, dancing, drawing, and story telling--to make the classes interesting. Our drop-out rate is less than two percent.

We started without a single trainer for the teachers. We now have eight, but we need at least twenty given our expansion plans. The rapid expansion last year created an emergency situation. We had to use our senior management people as trainers, which meant that other things were neglected. Now the people we trained and added to our field staff last year have a year of experience and can be developed as trainers.

We have been training some of BRAC's program organizers (POs) to assist in training and supervising new teachers. But the need for trainers is so great that we are still not able to provide the intensity of supervision we need. We have been working with one supervisor per 80 schools. We are now adding assistant POs to increase the intensity.

We are starting to get different kinds of structures for NFPE. In the Manikganj project area we maintain 163 schools that we supervise directly under NFPE with our own POs. But in the Rural Development Program (RDP) areas, RDP is providing the administration and supervision for 400 schools. We provide only training and other support.

Now RDP says it can supervise NFPE with its generalist POs. I am not comfortable with that idea because I believe NFPE requires more intensive supervision. The RDP people say the NFPE PO doesn't have enough to do if he is only supervising primary education. I say give them extra duties, but don't turn them into generalist organizers.

Another problem is the high turnover of BRAC staff because of the difficulty of living in rural areas. At the moment the problem is not so great because budget constraints have forced the government to cut back its recruitment. But this is only temporary. BRAC places a lot of emphasis on developing its staff, and other agencies able to pay much higher salaries--such as UNDP and UNICEF--are always eager to recruit them away from us. If we continue to expand at this rate it will be difficult to maintain our quality. This is perhaps the most important barrier to expansion.

There is increasing pressure to establish new schools in non-BRAC areas, where we do not

have landless organizations. This is coming particularly from the Primary Health Care Project. They see our emphasis on health and the influence our children have on their parents and say that their project will be more successful if non-formal primary education is added. An international health consultant working with the project saw one of our schools and made this recommendation. But so far we have opened only ten schools in non-BRAC areas as an experiment.

RURAL ENTERPRISE PROJECT

By BRAC's own assessment, most of the income generation activities of its landless society members had been only marginally profitable, barely compensating the participants for the time and energy expended. Participating households had not been able to accumulate sufficient surplus income for reinvestment in more productive activities. This was particularly true of activities commonly undertaken by women.

A three year Rural Enterprise Project (REP) was initiated to address this problem in October 1986, with funds from the Ford Foundation. According to the project plan REP would:

- Work in collaboration with BRAC's Research and Evaluation Division (RED) and the Rural Credit and Training Program to produce economic and financial feasibility studies to determine the market demand and potential for selected products and activities.

- Test, adapt, and demonstrate promising activities such as organizing and training landless beneficiaries to gain access to government lands.

- Test market potential products and services to determine consumer acceptance.

- Work with other BRAC program staff to develop on-the-job training packages for BRAC staff in the activities identified as having economic potential.

A special project fund would underwrite the testing of high risk activities, before the poor were encouraged to undertake them at their own risk.

Discussions with BRAC Staff

Visitor: What help do you seek from the REP?

Mr. S. A. Karim, Program Coordinator for the Rural Development Program:

When a new activity is presented with which our field people do not have experience, we refer it to REP to do a feasibility study. For example, we have a proposal pending for cassava processing.

Visitor: You seem to support a great many kinds of activities. Might there be an advantage to specializing on a few high potential products?

Karim: There is an argument for our focusing on a few types of ventures and getting to know them well. But new needs and opportunities are always presenting themselves.

Aminul Alam, Program Coordinator for the Integrated Rural Development Program:

REP often helps us with quality control. For example, in the Ayesha Abed Foundation Center for Women in Manikganj we do block printing of textiles. We had difficulty with the dies not being fast, so we passed the problem on to REP. The quality of the cloth we were weaving could not compete in the market, so we asked REP to help us with it. They found were was a problem with the bobbins on our spinning wheels and got us the help we needed.

They also help us with budgeting on new projects. In areas such as rice production or fish hatcheries, REP may not have the necessary technical skills itself, but they help us find institutions that do.

Salehuddin Ahmed, Coordinator for Training and Child Survival:

Rice milling is a current concern. Poor women have traditionally been able to obtain an income by buying paddy, pounding it, and then selling it in the village. Now the government and various private interests are introducing mechanized rice mills. This changes the whole pattern. Once a mill is established, not only do the women lose the income from pounding it, the task of buying the paddy and taking it to the mills is taken up by the men.

So we have decided to develop rice mills under the control of the women. By buying rice and milling it in their own mill the women can earn more money than under the old system with less physical labor. This is a trial initiative. Our training centers and the Rural Enterprise Project will provide the technical support.

SERVICE CENTERS

BRAC had a number of special units that provided services to other BRAC programs and outside clients.

Training and Resource Centers

BRAC's original Training and Resource Center (TARC) was established on a 16 acre site in Savar Upazila near Dhaka in 1976. The complex provided classrooms, library facilities, and accommodations for 22 teaching staff and 100 trainees. It also featured agricultural, fisheries, and poultry demonstration farms. Subsequently, smaller regional TARCs were opened in Modhupur, Pabna, Jessore and Rangpur. More were planned.

Each TARC operated as a financially independent management unit, selling its training services to BRAC for its own staff as well as for program beneficiaries, other NGOs, and the government. The popularity of the TARC services allowed them to generate sufficient income to cover all of their own costs, including staff.

One set of TARC training modules covered human development subjects such as: communications, organizational development and management, needs assessment, group dynamics, program planning, leadership development, consciousness raising, and functional education methods. Courses ranged in length from four days to one month. Training was provided for approximately 10,000 people a year. Of these some 8,000 to 9,000 were members of landless organizations. The remainder were development workers from BRAC, government, and other NGOs.

The training centers were also expected to serve as centers of technical expertise for the livelihood activities of BRAC's rural development programs, transferring this expertise directly to the village groups through training. This meant providing villagers with the latest techniques in areas such as poultry raising, fish pond management, animal husbandry, crop production, irrigation, etc. As most of the skill courses were taught on an outreach basis in the village, the trainers spent about 75% of their time in the field.

Since 1985, government for BRAC training assistance had grown rapidly. The Bangladesh Rural Development Board (BRDB) had undertaken a rural development program modeled on those of BRAC and other Bangladesh NGOs. BRDB was conscious of the long history of failure in government efforts in Bangladesh to field outreach workers to organize the rural poor for self-help development. Thus it had called upon BRAC and Proshika, another large Bangladeshi NGO with a rural development program similar to that of BRAC, to train its managers and outreach workers, from district officials on down to village organizers.

TARC staff reported that consistent with the evolving nature of the needs of the landless groups they were giving proportionately less time to consciousness raising and functional education, and increasing time to planning and management.

Development Communications Unit

BRAC's Development Communications Unit (DCU) was established in 1974 [originally the called the Materials Development and Publications Unit] to design, test and develop an innovative functional education program. It continued to serve as a training materials resource center for BRAC projects, including the child survival project, BRAC's functional literacy projects, and the TARCs.

The DCU maintained two branches of the Ayesha Abed Library [at the Dhaka headquarters and at TARC Savar], and a translation service for BRAC publications. The DCU published two

separate quarterly house-journals in Bengali to enhance staff knowledge of development issues.

With the intention of increasing the availability of quality reading materials at a reasonable price, the unit had published 18 books in the Bengali language including a rural studies and development series, classics and popular stories, and text books.

The DCU organized media campaigns in the press, radio and television for diarrhea management in support of the rehydration therapy training. It also handled general printing, public relations, audio visual and publicity support for all BRAC programs.

The DCU had also designed and pre-tested a fuel efficient stove.

Gonokendra Journal

BRAC's Gonokendra Journal, began publication as a monthly in April 1973 to provide a source of reading material for graduates of BRAC's functional education program in the Sulla project area. It provided information on agriculture, health, nutrition, family planning, poultry, animal husbandry, appropriate technology, and included cartoons and quizzes on these subjects. By 1987 it had an estimated 70,000 readers from both rural and urban areas.

Institutional Development

The Institutional Development Program, managed by Salehuddin Ahmed, had received funding from the Ford Foundation over a period of eight years to finance advanced studies either in Bangladesh or abroad for BRAC staff, short-term consultants, and the acquisition of books and periodicals for BRAC's library. It also supported an in-house management training program.

As the project's funding ran out, BRAC had introduced the practice of allocating 7 percent of each project budget for staff development costs. This provided each BRAC program its own funds for staff development to be used for the training opportunities, either in Bangladesh or abroad, most responsive to its needs. Salehuddin provided overall coordination.

Ayesha Abed Foundation Training and Production Service Center

In September 1983, BRAC established a training and production service center funded by the Ayesha Abed Foundation to serve the village women's groups organized under the Manikganj Project in their income generating activities.

The center had its own compound located in the project area, and fielded representatives to each of the five Manikganj Project outreach centers [similar to the centers of the RDP described in BRAC (A)].

In addition to managing its own small scale production facilities to pilot and demonstrate new products and production processes, the center provided a variety of services to small scale women's producer groups. Some of its activities, specifically block printing, embroidery, tailoring and weaving, were carried out through the Manikganj Sramojibi Mohila Shakti, a federation of the Manikganj women's village organizations.

The center was responsible for promoting the introduction of seri-culture [silk] and eri-culture production in Manikganj district. For seri-culture the center supplied mulberry plants and credit, provided technical advice on rearing worms, and purchased cocoons. Mulberry trees, which could be cultivated around homesteads and on road sides, reached peak leaf production in 2 years.

For eri-culture the center supplied eggs, training, spinning wheels, castor seeds, credit for building sheds for raising worms and spinning the yarn, and made cash payments for the finished product.

"Eri" is a fiber produced by endi worms that eat castor leaves rather than the mulberry leaves eaten by the seri [silk] worms. The endi worm require less controlled conditions than the seri worm, but consume 10 times the volume of leaves, and produce a lower quality fiber. The center demonstrated all phases of the eri-culture production process, from production of eggs to production of the finished product.

The center also supported weaving, tailoring, block textile printing, and embroidery activities--providing inputs, and training, and buying finished products. Much of the production was carried out in the main center facilities, or the Manikganj outreach centers.

The center supported poultry farming by providing improved varieties of hatching eggs, chicks, vaccines, and consulting services through the Manikganj outreach centers. Similar services were provided for animal husbandry and fish culture. The center also provided inputs, training,

and marketing assistance to a small group of women who preserved and bottled pickles, another involved in grinding and packaging spices, and a few individual women producing bamboo and jute goods, and fishing nets.

RESEARCH AND EVALUATION DIVISION

BRAC's Research and Evaluation Division (RED) was established in 1975 with one statistician to compile monthly reports on BRAC's field programs. Gradually its functions expanded to include: 1) the creation of a detailed information base for BRAC field programs; 2) program implementation monitoring; 3) feasibility studies for project expansion or diversification; and 3) research on the dynamics of rural communities and their implications for BRAC programs.

As of January 1987, the division had nine full-time professional, including three PhDs. Total strength was more than 70 persons, with 45 in the field engaged in primary data collection.

RED was deeply involved in the monitoring of the Oral Rehydration Therapy Program. It was expected that the new child survival program would demand even greater RED support than did the ORTP.

RED's 1986 report listed a total of 16 reports, studies and papers completed in 1986. [See Exhibit 1.] The report also listed 23 research projects on-going or planned for 1987. Sixteen of these were specific to BRAC's child survival and primary health care activities. These included two before-after survey studies to determine the impact of OTEP on child mortality, a study to monitor the effective use of ORT, and a study to compare group versus individual ORT teaching approaches. Two non-health studies dealt with the prospective para-legal program, and five studies related to BRAC's on going rural development programs.

Discussions with BRAC staff on research and evaluation. Dr. Mushtak Chowdhury, Head of the Research and Evaluation Unit:

I think BRAC is expanding too rapidly into new activities without adequate performance. For example, our 1979 and 80 pilot test of the Oral Therapy Extension Program looked only at the safety part of the mixture to insure that the mothers would mix it properly. We just assumed that if the mothers could mix it they would use it. But we found that in fact many didn't.

The research unit's role in pilot testing is still very limited. We are doing some pilot testing of family planning incentives based on a kind of social security insurance concept. We are building our capacity to do this kind of policy research. Most of our activity so far has been oriented to program operations. Now we want to look at programs in their totality.

We are doing a study of how the landless perceive legal issues as input to development of BRAC's new para-legal program.

We anticipate that immunization will be the main health intervention of the 1990's. So we are developing and testing models for an im-

COMMERCIAL OPERATIONS

BRAC had established two activities purely as commercial enterprises to reduce its dependence on external donors. The first was a printing press established in 1977 that sold printing services both to BRAC to the public. On sales of Tk. 16,545,974 in 1976 the printing operation reported a net surplus [profit] of Tk. 2,694,265.

The second enterprise, a potato cold storage and ice plant, was opened in March 1984 with a capacity to store 4,250 tons of potatoes and to produce 10 tons of ice per day. In addition to generating profits for BRAC, this plant was intended to increase the incomes of small potato farmers by allowing them to store their potato harvest for sale when seasonal prices increased.

Farmers storing their produce could receive short-term loans that were paid off from proceeds when they removed their potato stock for sale. This enterprise had experienced a series of losses, but was expected to show a profit for the first time in 1987

proved immunization registration system. This is key to an effective immunization program.

We are also developing a research study with Helen Keller International and Cornell University on the relationship between vitamin A and infant mortality. This has generated some controversy among the staff as the original study design called for withholding vitamin A capsules from children in the control group. HKI insists this is essential to the design of the study, but some of our staff feel it is unethical.

Recently we held a series of workshops with staff of the different BRAC programs to discuss their research needs. This resulted in a list, with priorities, of 112 research topics RED will study during 1987-88.

The research unit was originally funded by a grant from the Ford Foundation. Now we have a research component built into the budget of each of project. We used to take the topic from the program people and then define the study ourselves. Now we try to include the program people in defining both the problem and the study. We try to make sure our staff has the flexibility to respond to requests from the program people.

At the moment we are not working on rural poverty. We are getting a new staff member who will handle that area.

Consultant: What support do you need from RED.

Mr. S. A. Karim, Program Coordinator, Rural Development Program:

As we prepare village organizations to take on more of the functions performed by BRAC staff we need to be clearer on what this means. Specifically we need a monitoring system that will allow us to identify the stage a par-ticular group has reached in its institutional development and the administration of its programs. We have rough ideas on this, but I want to systematize it.

Though the research department is oriented primarily to quantitative survey research, they also have the techniques to help us with this more policy oriented type of problem. But everyone in BRAC is making requests of the research unit and child survival seems to be the current priority.

Exhibit A

BANGLADESH RURAL ADVANCEMENT COMMITTEE (B)

Research and Evaluation Division Studies Completed in 1986

Reports Published:

- Monohodi Brickfield: A Collective Enterprise of the Rural Poor.
- Evaluating Community ORT Programme: Indicators for Use and Safety. Methodological study relating to problems of measuring the use and safety of ORT solutions. Published in *Health Policy and Planning.*

Reports Prepared for Others:

- Restoring Sight: An Evaluation of Six Eyecare Projects in Bangladesh prepared for the Canadian International Development Agency. [An independent evaluation study done for CIDA that did not involve BRAC activities.]

Papers Presented at Workshops/Seminars:

- Behavioral Change in Rural Bangladesh. Paper presented to the International Nutrition Conference in Washington, D.C.
- Non-Formal Primary Education of BRAC. Case study presented at a training workshop in Jakarta, Indonesia.
- Evaluation of the BRAC ORT Programme in Bangladesh. Paper presented to the International Epidemiological Association in Jhansi, India.
- The BRAC ORT Programme. Talk given at USAID/New Delhi, March 1, 1986.
- Evaluation of the ORT Programme. Consultancy talk given at UNICEF/New Delhi, March 1, 1986.
- Effects of Vitamin A Supplementation on Morbidity and Child Survival in Bangladesh. Draft proposal presented with Cornell University and Helen Keller International to a workshop of the US National Academy of Sciences.
- Methodology on Models for Behavioral Analysis and Trials on Correct Breast Feeding, Colostrum, Supplementary Feeding, Nutrition of Pregnant and Lactating Mothers and Adolescent Girls, Domiciliary Rehabilitation Trials. Report submitted to AID/Washington.
- Primary Health Care in Bangladesh. BRAC's intervention report to the Bangladesh Directorate of Health Services.
- A Brief on BRAC's Oral Therapy Extension Programme. Paper presented at the UNICEF Regional Workshop on Social Mobilization for UCI and ORT in Bangkok.
- Diarrhoea Management among Infants and Children with Special References to Educational Intervention at Family and Community Levels. Paper presented at Conference of the Child Health Institute, Madras, India.

Thesis and Other Academic Reports by RED Staff:

- "Evaluation of a Community Based ORT Programme in Rural Bangladesh." Ph.D. thesis submitted by AMR Chowdhury to the University of London.

- "Agricultural Technology in Bangladesh: Resource Allocation and Distribution in an Alternative Framework." MA thesis submitted by Zafar Ahmed to the Institute of Social Studies, the Hague.

- "Landless and Landlessness in Bangladesh: The Processes of Disaggregation and Polarization." Term paper submitted by Zafar Ahmed to the Institute of Social Studies, The Hague.

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Setting Directions for the 1990s

In January 1987, Fazle Abed, BRAC's founder and Executive Director, had asked an international development management consultant who had known BRAC for years to take a look at BRAC's current activities and share his impressions with the BRAC staff. Abed, as well as other members of BRAC's senior management staff, indicated that they were concerned that BRAC's impact on Bangladesh development had not necessarily kept pace with its growth in staff and programs. What should BRAC be doing in the 1990s? And how should it organize to do it? These were the two key questions posed.

The consultant had carried out a review first of BRAC's rural development programs (BRAC A) and then of its sectoral programs and services centers (BRAC B). He now turned his attention to recent BRAC planning documents and final interviews with senior managers.

THE THREE YEAR PLAN

A three year plan developed by BRAC in 1985 defined BRAC's objective as being to:

> ...support the rural poor of Bangladesh by assisting them to set up rural institutions, in which local leadership and organizational skills may be developed among the disadvantaged and powerless, to enable them to assert their rights and to improve their socio-economic condition through employment and income generating activities.
>
> At a wider level, influencing policy making in the interest of the poor has become an important objective as well; BRAC has demonstrated a range of innovations which have later been adopted by other NGOs and by government agencies. Further, also at this wider level, BRAC has set itself the task of tackling some national problems at grassroots level, and this has increased in recent years....

BRAC's rural development strategy operates with similar objectives as those declared by the government. BRAC therefore attempts to complement the government's work by 'filling in the gaps' or carrying out those grassroots tasks that government agencies are not in a position

NOTE TO THE READER: The "Background Note for the BRAC Case Series provides basic information on Bangladesh development, the Bangladesh NGO community, and the history of BRAC essential to the analysis of this case. Each of the cases in the present BRAC case series is written so as to allow its use either individually or in sequence, but the analysis of each depends on a knowledge of the information in the background note.

This case was prepared by David C. Korten as a basis for classroom discussion under an agreement between the Agency for International Development (AID) and the National Association of Schools of Public Affairs and Administration (NASPAA) with funding from AID's Asia/Near East Bureau. It is not intended to demonstrate either effective or ineffective handling of an administrative situation. March 1988.

to do, eliciting village level participation and encouraging the target people themselves to define their own needs and themselves evolve ways of fulfilling them.

BRAC groups are encouraged to avail themselves of services and supplies available from official sources. For example, BRAC has run a number of vaccination programmes (both human and animal) using vaccines supplied by the government; the state run Krishi Bank has extended loans to BRAC landless groups to obtain and management shallow/deep tube wells; BRAC groups have received UNICEF seeds (through the government) to cultivate vegetables; government institutions give technical support to BRAC in poultry, sericulture and pisciculture.

BRAC's intention is also to expand its work into areas where other organizations are not working, and to concentrate on development activities which are not otherwise being carried out...

The cornerstone of all BRAC's rural development work is the establishment of rural institutions or organizations of poor people that can take decisions to solve their own problems at rural level. If rural institution building is not thorough, then all subsequent rural development activities undertaken will crumble.1

In addition to program expansion plans noted above, BRAC's three year plan for extension of its rural welfare activities during 1986-88 outlined the following new initiatives:

- Set up a rural public library in each union of Bangladesh over the next five years, extending the rural library program initiated under the Oral Therapy Extension Program. New libraries will be established in 50 project locations during the planning period.
- Establish a Bangladesh Institute of Rural Management to provide management training to government officials, NGOs, and leaders of local people's organizations.
- Establish Aarong [handicraft] shops in additional district towns.
- Establish a para-legal program leading to a national network of upazila para-legal associations linked to sympathetic professional legal practitioners through district and national associations to support the rural poor facing litigation. During the planning period 100 para-legals in ten locations are to be trained. A legal coordinator will be hired, as well as specialists to produce the necessary training materials. In addition, both national and regional legal practitioners will be engaged as consultants.
- Open five additional centers under the Rural Development Program in each of the first and second years, and six in the third year.
- Open a women's training and production handicraft center in Jamalpur.
- Establish small plant and tree nurseries at all BRAC centers.
- Establish a 10 acre poultry farm at Joydevpur with modern hatchery, feed mill and brooding facilities to supply 100,000 chicks and 150,000 eggs per annum to support poultry raising projects in 25 BRAC project locations in the southern districts of Bangladesh.
- Set up small poultry and fish farm facilities at the regional TARC centers, in Jamalpur and "at other BRAC project sites."
- Extend health care coverage to all 54 of BRAC's project areas (approximately 1,600 villages) based on the training of locally recruited paramedics and the training of

1 BRAC, "Extension of BRAC's Rural Welfare Program 1986-88," Dhaka, pp. 1-3.

BRAC ORGANIZATION

BRAC's headquarters staff was comprised of approximately 100 persons. An expatriate management expert who had worked as a resident advisor to BRAC referred to BRAC's management style as a combination of highly centralized and strongly decentralized.*

Fazle Abed, BRAC's founder and Executive Director was its unquestioned and widely respected leader. Though each program had its own head, Abed was actively involved in policy making in all programs. All personnel and budget decisions were made at headquarters, with field input. However, since most of BRAC's field operations were located far from Dhaka in areas with no telephones and difficult roads, operating decisions were necessarily made in the field.

BRAC management was built on direct staff communication in periodic meetings of field staff and their supervisors at each level. The manager and program organizer of each rural development center met once each week to review the previous weeks activities, discusses successes and failures, and agree on plans for the next week.

Regional level meetings were held each 3 months for the center managers and program organizers under the chairmanship of their regional manager, to discuss all aspects of their work and review progress toward targets. Each 4 to 6 months the center managers, representative tivetivetivetivetiveprogram officers, regional managers, and the program coordinator met with the executive director at the headquarters.

Head office personnel were expected to spend much of their time in the field in direct observation of field activities to insure that they remained in contact with field reality. Regional managers averaged 3 to 4 days of each week in the field. The program coordinator spent 10 days each month in the field. The executive director was normally in the field for 3 to 5 days each month. These practices insured strong field input to decisions made at headquarters.

BRAC's policy of promoting from within also helped to insure that individuals in supervisory and management positions had a strong field orientation. BRAC preferred to hire new staff without prior work experience, before they had an opportunity to develop poor work habits. Staff training was intensive, on-going, and provided primarily through BRAC's own training centers.

The competition among other organizations in Bangladesh to hire away BRAC staff was considered testimony to the effectiveness of BRAC's recruitment and staff development.

*Catherine Lovell, "Social Mobilization in Development: Scaling Up in BRAC," University of California, Riverside, March 1, 1987, p. 3.

selected village organization members in delivery of health care.

- Based on research data suggesting that concern about old age security is a major factor in the high birth rates in Bangladesh, BRAC will undertake a number of pilot social security schemes with enlisted couples to test the impact on fertility behavior as a contribution to future national policy decisions on population control.

CONVERSATIONS WITH SENIOR BRAC MANAGERS

S. A. Karim, Program Coordinator for the Rural Development Program

Visitor: What are some of the major issues facing BRAC as you see them?

Karim: Most basic is the question of how much BRAC is going to invest in each of its different programs. We have a big rural development program that we claim is our core activity.

Then we have a child survival program that is much bigger in terms of manpower and budget. Another program that is growing rapidly is non-formal primary education.

What do we want to do with the new programs? Are they to support rural development or to be quite separate? I don't think BRAC can do primary education as a national program. We need to convince the government to replicate it.

Visitor: Is there a possibility that the non-formal primary schools might be made self-financing through fees and managed by the landless groups?

Karim: I do not see an education program in the Bangladesh context being entirely self-financing. Even after 5 years I find it difficult to imagine the landless forming and managing a school. In those sectors where we have success it is because the people are expected to provide everything. But because of the government's policy the people have come to expect that primary education should be free.

Visitor: What is the total number of landless rural families in Bangladesh?

Karim: The figure most people use is 8.5 million. But we have different categories. The number of functionally landless, anyone with only an acre or less, is much more.

Dr. Mushtok Chowdhury, Head of the Research and Evaluation Unit:

Chowdhury: Our performance has suffered from the profusion of activities and a rapid program expansion that has exceeded our capabilities. Like the Grameen Bank, we should be very selective in our definition of what we are and the programs through which we will have a national impact. We aren't inclined to test, or if we do we test only the technical aspects of the intervention. BRAC can manage a program very well, but we don't know how effective it is because we do not have adequate performance indicators.

Expansion has also created staffing problems. We feel that if we have a good program everyone should benefit. There are also pressures from the government and the donors.

The oral therapy project is a good example. We began it in 1980. We undertook a major expansion in 1983. We didn't have enough experienced people to supervise our centers. We even had to send out our accountant to manage one of them. The quality of the mixtures prepared by the mothers after being trained by our workers declined rapidly and the number mixing proportions that fell in the danger range increased alarmingly.

Kaniz Fatema, Manager of Non-Formal Primary Education (NFPE)

I am concerned with how we can become more effective in our national influence on primary education. We are still working on a very small scale even though our growth has been much greater than anticipated.

I feel we are expanding too fast in non-formal primary education and adding too many new activities with the result that our quality is likely to suffer. In addition to our primary schools, our original proposal provided for experimenting with a pre-school activity. Then we added a pre-primary school and now we are developing still another kind of primary program to prepare students for entry into the government's primary program at the fourth grade level.

We have to select our teachers carefully. Just recruiting new people is not enough. BRAC's approach is so different that we have to develop our own people. BRAC keeps adding to the number of schools I must handle. And we are rapidly expanding the number of schools operated under the Rural Develop-

ment Program. We need a rational plan for expansion and more continuity in policy.

Visitor: What will happen when the current project funding is completed?

I really don't have anything to do with that. We just prepare the proposals and the executive director gets the funding. We are dealing with the very poorest elements of the community and the program is very cost effective, so I assume there will be funding when we need it. If necessary the families might be able to pay something--say Tk. 10 per month per child. [US$1 = Tk. 32]

The costs of the teacher could probably be handled by the community. RDP might consider experimenting on this. But first the service must be demonstrated. They are only finishing their first year. Then we need to prepare the parents to let them know what is expected.

Hafez Ahmed Mazumder: Director, Administration

Mazumder had worked in government for 32 years before joining BRAC in mid-1985 as Director of Administration. He had served most recently as Commissioner for the Dhaka Division [the special division for Dhaka city].

Mazumder: The system of staff development in BRAC is much more efficient than in government. Here we can hire or fire a man based on qualifications and performance. In government probably only about 60% of funds are used as intended. In BRAC it is 100%. The slightest misuse of funds here results in immediate dismissal.

Discipline here is very strong. The workers are respectful of the rules and of their superiors. At the same time staff moral is high in BRAC and everything is done with care and interest.

BRAC places very strong emphasis on training its staff. Often the people we get are not as educated as those recruited by government. But because of our training and staff development we develop them into better workers than what government has. This is why BRAC prefers to hire people right out of school so we can train them in our way of working before they develop bad habits.

The capability of the staff BRAC assigns to a center is greater than what the government is putting into an entire upazila. BRAC will put in a post graduate as the head of a single center. The government has only one education man in an upazila to supervise all of the schools, and he is a lesser individual than the BRAC manager. So the government schools get very little attention. In our BRAC schools we are supervising the teachers and taking care of the children.

BRAC also strictly supervises its loan program. As a result, loan recovery is better among our landless groups than the government gets on its loans to wealthy industrialists and land owners.

We have a lot of strength in the staff. We have five people with PhDs in BRAC.

Visitor: What do you see as the crucial issues facing BRAC?

Mazumder: We should be generating more of our income internally by running more enterprises. Otherwise if foreign funding shrinks many of our programs may suffer. Our printing press is making good money. The cold storage lost last year, but is doing well now. In child survival I think we could go into manufacturing some of the inputs for that program. We might even export. The rich should pay for these materials so we can provide them free to the poor.

We are expecting our staff to continue to expand. We must recruit more people for child survival and we will be establishing the Center for Rural Managers [a management school] next year. We are developing the administrative systems to prepare for this expansion. Abed is delegating more authority, like loan authorizations and certain personnel matters, to the administrative manager. We are also

trying to codify the rules and institutionalize the procedures. If we have the rules and procedures in place we can expand as rapidly as needed and Mr. Abed will be able to devote more time to policy. Abed is making the right choices. It would have been impossible if he had kept everything to himself.

Dr. Salehuddin Ahmed, Director of Training and Child Survival Programs

Abed is testing and preparing the second level of leadership in BRAC. The time will come when he will decentralize more. At the moment everything converges on him. If anything happened to him the organization would be in deep crisis. Some NGOs were creations of their governing bodies. In these organizations the governing body is very strong and the executive director waits for their decisions. Our board doesn't intervene much.

We have been working to systematize personnel and purchasing procedures, though Abed says he doesn't want things too formalized. There is a general feeling that BRAC has become too large and there is some discussion of spinning off certain activities such as training, or the BRAC printers to make them separate organizations.

The main work of BRAC is the RDP. We would like to expand that strategy throughout the country, but we know we cannot do it. It is partly a matter of finding the dedicated staff. But also the government is ultimately in control. Under their foreign regulation act they must approve all foreign funding. If we try to expand too rapidly in activities they consider sensitive, they will surely stop us. There are individual features of RDP, however, that can be replicated even on a national scale without being tied to RDP itself, particularly if we work with government.

There is a feeling that NGOs have been by passing the government. The time has come when if you want to do something large you have to take the assistance and services of the government into consideration.

We already have undertaken important national priorities like our campaign for oral rehydration therapy. ORT and primary education are activities that are completely acceptable to everyone. They give us a good image with the government and the international community. Our consciousness raising and functional education activities are more controversial.

By doing national programs like child survival we gain acceptance with the government that gives us more freedom in carrying out our other programs. Also this program specifically seeks to help the government improve its own performance. The bureaucrats are going to be around forever and will control the resources of government, no matter what political party happens to be in power. To the extent we can be successful in reorienting the bureaucrats to make their resources available in ways that benefit the people, then I think this is an important thing to do.

There really is no scheme for sharing of technical experience within BRAC from one site to another. To the extent that it occurs it is through the training centers

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Fazle Abed, Executive Director

We have tended to undertake whatever comes along. I think for the 1990s we need to concentrate more. Grameen Bank is a newer organization and in fact it is even government.2

2 The Grameen Bank had become known throughout the world as an outstanding example of a program able to get small loans to the poor on a large scale with almost a perfect repayment record. It grew out of a small NGO village project that began in 1976. Having worked out what seemed to be a successful model, it gradually expanded to additional villages and then to additional districts. In October 1983 it was converted into a full-fledged bank as a subsidiary of the Bangladesh Bank, with a paid-up capital of Tk. 30 million, 86 branches serving 1,249 villages and 121,051 landless men and women. At the end of 1983 its cumulative disbursements were Tk. 19.5 million. During the following year alone disbursement increased to nearly Tk. 500 million.

Yet in some ways I think it has had more impact than we have had because it has concentrated on one activity and done it exceptionally well on a sufficient scale to have a national impact. I think BRAC needs to develop a similar depth and focus.

What should these primary activities be? I am coming down to three themes that I feel might be the key things we would do: rural employment, primary health care, and primary education. These could be integrated in given geographical locations or they could be independent. But in either case the focus would be on having a national impact.

We have only recently learned to work effectively with the government. This has been an important development, as the state provides an essential infrastructure. We are trying to help make this infrastructure more responsive to the needs of the poor.

In health for example, we work with the community and provide the health services initially. But our involvement is only temporary. We help the people organize their own health committees that select and train their own paraprofessionals to provide preventive and curative services. We can also reach out to traditional practitioners. Then the idea is that this community system must be linked into the government system to obtain continuing support. We do not plan to become a permanent service provider in health.

We are still an NGO. There is a question of whether the government will accept an NGO in a truly national role. At the same time the government isn't interested in small things. They say you are only working in a few villages. We have to work in the entire country. Your experience isn't relevant. That is an important reason why we are involved in the child survival project. They are impressed with size.

Visitor: You did not mention rural mobilization and organization among the three activities.

Abed: Rural mobilization is a central part of the strategy that is basic to everything else we do and it must remain. The landless must be built into an effective social force. But other activities are less central, such as our interest in the para-legal system. These might be taken up by others.

The real rationale for NGOs in Bangladesh is to provide an alternative to the traditional elites that control government and most of the economic sectors. These elites are so absorbed in their own interests that they provide little or no useful contribution to national development. They are mainly concerned with getting what advantages they can from the system

Even our industrial commercial elite isn't interested in real investment. They exist on licenses, quotas, and subsidized credits that are never repaid. It is difficult to see any real hope for improving development performance in Bangladesh unless a way can be found to motivate the elites to become a more functional development force.

Generally those individuals from the elite classes who have a real concern for the people of Bangladesh and their development have turned to the NGOs. They offer one of the only outlets. That is one reason we have so many large and relatively dynamic NGOs here.

People have become disappointed with government and look increasingly to NGOs to fill in where government has failed. But they are too small to address needs on a national basis. Could BRAC grow to a size where it could perform certain functions for say a third of the country?

There is also the question of how one organizes and manages a large multi-sectoral institution that is part business and part social mobilization? I think BRAC will probably continue to get larger. How can we do this in ways that will maintain the motivation of the staff and foster their development? How do we avoid becoming a government bureaucracy? Should we maintain a unified structure? Should we spin off activities into entirely independent or-

ganizations? Or should we develop a divisionalized structure?

The World Bank is working with the government on a project that would provide soft loans through IDA to support the establishment of a new bank to serve the rural poor. The Bank is asking whether the funds shouldn't go directly to BRAC to do the job. The Bank has been pressing the government to produce a charter for NGOs allowing them to take on such projects either directly or on behalf of the government.

Visitor: I get concerned about NGOs getting too close to the large donors. They tend to press you into focusing on their priorities and accepting their project approaches--which are often at odds with the kinds of in-depth sustainable development to which BRAC has long been committed. For example, your short-term campaign approach to child survival seems heavily influenced by a donor approach that has very little prospect for leaving behind sustainable results because the assumptions regarding government's ability to adapt to your approach are unrealistic.

Visitor: Similarly in non-formal education, I was very impressed with the school that I visited and the program appears to address an important need. But the schools are all dependent on BRAC funding and supervision, which is in turn dependent on project funding that is available for only three years.

Abed: The donors really haven't influenced us that much. We took on the original oral therapy extension project to prove to the government that NGOs can work on a national scale. It has had an enormously positive impact on our image with government and with the elites who tended to see us as a fairly radical group out to upset the traditional rural structure.

Our use of television, radio, and print media to provide reinforcement messages to the mothers on use of the oral therapy solution has been particularly important. This has built a strong association in the minds of the public between BRAC and something that everyone accepts as unquestionably a positive activityof benefit to the country.

This gives us more scope to continue with the activities that will make the real long term difference. The health activities don't really absorb that much of our attention. Most of the attention of our management staff is directed to our more traditional activities.

With regard to the education project, it is a highly attractive undertaking and there are many donors looking for ways to use their money effectively in Bangladesh. One donor may tire of it, but there will always be another willing to pick it up. I don't see the funding as likely to be a problem.

But I want to hear more of your impressions and what you think we should be doing. You have known BRAC for years and have spent the last week looking in depth at our activities. What do you think should be our focus? And how would you suggest we organize ourselves for the future?

Exhibit A

BANGLADESH RURAL ADVANCEMENT COMMITTEE (C)

Donor Contributions to BRAC 1985 and 1986

Amounts shown in Taka

	Donor	1985		1986	
OTEP					
	SFCA (Diakonia)	10,677,749		6,892,772	
	Swiss Dev. Corp.	12,786,562		15,328,996	
	UNICEF	6,256,290		4,404,856	
	TOTAL		29,720,601		26,626,624
Child Survival Program					
	UNICEF			4,879,877	
	SIDA			15,480,850	
	Swiss Dev. Corp.			18,000,000	
	TOTAL				38,360,727
Manikganj					
	EZE	1,517,759		3,523,498	
	Bread for World	699,965		399,950	
	TOTAL		2,217,724		3,923,448
Rural Credit Program					
	EZE		5,559,186		
Outreach Program					
	NOVIB		3,110,163		
Rural Development Program					
	NOVIB			38,742,100	
	EZE			13,785,700	
	NORAD			1,000,000	
	TOTAL				53,527,800

Non-Formal Primary Education			
Inter-Pares	1,677,751		
Jamulpur Women's Project			
Oxfam America	621,309		1,027,765
TARC-Pabna			
Inter-Pares	4,529,000		
NOVIB			2,216,561
TARC-Rangpur			
Inter-Pares	4,528,999		
Flood Rehabilitation Program			
NOVIB			3,495,899
Institutional Development Program			
Ford Foundation	2,405,918		
Rural Enterprise Project			
Ford Foundation	1,835,428		
Aarong			
Christian Aid		807,870	
Bread for the World		500,000	
TOTAL AARONG			1,307,870
TOTAL DONATIONS	62,175,914		126,990,795

Note: Compiled by casewriter from BRAC records. Amounts are reported for the year in which they were received and do not necessarily correspond to program expenses for that year.

Exhibit B

BANGLADESH RURAL ADVANCEMENT COMMITTEE (C)

1986 Expenditures by Program

TARCs	4,812,949
Sulla	722,751
Gonakendra	705,389
Manikgang	2,633,956
Non-Formal Primary Education	2,596,424
Jamulpur Women's Project	818,975
Printing and Publication	286,778
Institutional Development	767,340
Oral Therapy Extension Proj.	30,080,733
Rural Enterprise Project	738,786
Flood Rehabilitation Prog.	548,296
Child Survival Program	9,950,034
Rural Development Program	24,012,581

Exhibit C

Income from Business Operations

BRAC Printers		
	Income	16,545,974
	Printing costs	11,184,867
	Other expenses	2,683,425
	Net Income	2,694,265
Aarongs		
	Net sales	23,763,946
	Cost of goods sold	17,374,289
	Admin & Gen Expense	3,025,759
	Net Income	(93,955)

Exhibit D

BANGLADESH RURAL ADVANCEMENT COMMITTEE (C)

Regular and Project Staff Positions

Project	June 1985			January 1987		
	Male	Female	Total	Male	Female	Total
Headquarters	91	11	102	108	14	122
Outreach	76	0	76			
Rural Credit	105	0	105			
Rural Development				247	0	247
Sulla	12	0	12	15	0	15
Jamulpur Women	1	10	11	0	9	9
Manikganj	34	0	34	55	0	55
TARC	32	3	35	46	2	48
Non-Formal Primary Ed	3	18	21	4	0	4
Aarong	21	28	49	23	45	68
Cold Storage	26	0	26	26	0	26
BRAC Printers	78	0	78	78	1	79
Sub-Total	479	70	549	602	71	673
Oral Therapy /Child Survival	489	821	1,310	375	550	925
TOTAL	968	891	1,859	977	621	1,598

NOTE: These figures do not include approximately 900 "temporary" staff such as the male and female village workers, primary school teachers, cooks assigned to RDP and ORI teams, and research enumerators. Many of these were in fact long term employees, but they were not entitled to some of the benefits received by permanent staff.

The Provincial Development Foundations Program

In 1985, Philippine Business for Social Program (PBSP) the largest private voluntary development organization (PVO) in the Philippines, undertook a major review of its strategy for supporting Philippine national development. A decision was reached that in the future PBSP would focus on the province as the unit of development analysis and action. Special attention would be given to activating provincial structures in support of poverty group focused provincial development strategies.

The strategy featured a provincial development foundations program under which PBSP sought to prepare at least one PVO in each assisted province to play a catalytic role as a provincial development foundation. Considerable attention was to be give to structural determinants of poverty, particularly issues of asset control.

Conflicts of Interest

PBSP's leadership recognized from the beginning that many of the actions called for under the new strategy would almost inevitably bring PBSP into conflict with the interests of some of its major corporate members and contributors. The strategy would also place substantial new demands on the local proponent PVOs [intermediary service oriented PVOs] through which PBSP worked.

Emerging Issues

Early implementation experience had surfaced and sharpened a number of other issues. Ernesto Garilao, PBSP's executive director, and Ruth Callanta, his associate director, were compiling a list of those issues that needed particular attention. Their list included the following:

What additional steps should PBSP be taking to prepare the PVO's PBSP had identified to serve as provincial development foundations? How far should PBSP go in assuming the provincial catalyst role itself if a provincial PVO were not ready or willing to assume it?

What were the implications of the new strategy for PBSP's structure and operation? Would PBSP need to develop new capabilities?

Would successful implementation of the strategy require that PBSP itself become involved in policy advocacy at either national or provincial levels, an activity for which it had no mandate from its board? If so how would it define the policy positions it would advocate, particularly in instances where there might be a conflict between the positions sought by its proponent organizations and the interests of its

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own members? And through what channels would it pursue such advocacy?

PBSP'S HISTORY

In 1970, the Philippines--racked by floods and typhoons, high prices, tight credit, an economic slowdown, student and labor unrest, insurgency, random urban violence, and pervasive political corruption--was a nation in turmoil. On September 19, 1970 more than 50 Philippine business leaders met at a workshop conference sponsored by the Council for Economic Development, a private Filipino business association, to discuss how the business community might help stem the national decline.

Participants left the workshop convinced of the need for an organization through which the business community could channel resources to promote a new style of Philippine development, a development that would increase the well-being of the national community--and especially the well-being of the poor. They had been inspired, in part, by a briefing from Dr. Hugo Manzanila, executive director of Venezuela's Divideno Voluntario para la Communidad (Voluntary Dividend for the Community), an organization sponsored by Venezuelan industrialists to expand economic opportunities for the poor of Venezuela.

On December 16, 1970, with the sponsorship of three business groups--the Council for Economic Development, the Philippine Business Council, and the Association for Social Action--representatives tativestativestativestativestativesof fifty Filipino and international business firms met at the Inter-Continental Hotel to sign a document creating the Philippine Business for Social Progress (PBSP).Each corporate member pledged to set aside one percent of annual net profits before taxes for social investments. Sixty percent of this was to be managed by PBSP, the remaining forty percent would be managed by the company for social projects of its own. Within a year PBSP's corporate membership had increased to 137 companies. [See Exhibit 1 for a list of the 123 PBSP member companies as of 1985-86.]

The Dividendo para la Communidad de Venezuela subsequently ceased to exist, leaving PBSP as the only business funded development foundation of its type in the world.

The mission of PBSP was to improve the quality of life of the Filipino poor as an expression of the corporate social responsibility of the business sector of the Philippines by pursuing the following objectives:

- Initiate, assist, and finance socio-economic development projects which help low income groups.
- Increase the earning power of people in under-privileged communities by promoting self-reliance, entrepreneurship, and innovation.
- Engage in applied research of social development projects and programs.
- Train professionals and skilled workers in social development for a more effective implementation of projects.
- Actively involve corporate executives and professionals of PBSP member companies in sharing their time and expertise in PBSP programs.

Unlike more typical business philanthropies, PBSP was not to be a charity. It was to be a professionally managed development agency dedicated to developing economic self-reliance among low-income groups. It was a vehicle for making "social investments" that would pay both economic and social returns.

While PBSP might undertake some projects directly, its founders intended that its normal mode of operation would be to fund project proposals from a variety of proponent organizations. It would provide grants for social, educational, or organizational components of a project; and "financial advances" [low interest loans] for economic activities.

FIVE YEAR PLANNING PERIODS

The evolution of PBSP's strategy was reflected in a series of five year programs of work.

1971-75: Testing Replicable Models

During its first five years, from 1971-75, PBSP saw itself as primarily engaged in the testing of prototype social development project models for potential replication throughout the country. During this period it was heavily involved in the direct management of projects intended to produce such prototypes, including a housing project, a nutrition project, and an integrated area development project.

PBSP also provided funds and technical assistance to a variety of social development organizations throughout the country with the intent of increasing the total national capacity to carry out effective social development. Each project so funded was also intended to serve as an action research project to test a prototype development intervention. Consequently it was expected to have a research and documentation plan with clear evaluation criteria.

Regional offices were established to enhance PBSP's accessibility to project proponents and to facilitate project monitoring.

1976-80: Consolidation to Focus Resources

PBSP's second five years were intended to be a period of consolidation, focusing resources on those activities that had shown greatest promise of effective contribution to improving the lives of the poor. A number of defined themes emerged.

In addition to PBSP's two managed area development projects--the Laguna Rural Development Prototype and the Dumaquate Area Development Program--priority was given to development of proponent projects focused on the following themes: work with cultural communities, small-scale industries development, programs for women and youth, functional literacy, appropriate technology, and applied nutrition.

Flexibility was maintained by including a category called "Assisted Projects" that covered other activities identified by proponents or by PBSP regional staff that met locally defined needs. Attention was also given to strengthening the capabilities of proponent organizations through regional training centers established at three regional institutes and universities.

During its first ten years PBSP assisted some 300 proponent organizations.

Toward the end of this period PBSP's directors re-examined some of their earlier assumptions regarding PBSP's financial structure. PBSP's original founders had felt the poor were their responsibility and that PBSP should not take money from any other source. But as PBSP's programs grew, inflation ate away the value of the peso, and the Philippine economy deteriorated--with a corresponding decline in member contributions.

Member contributions constituted a pledge, yet they were purely voluntary and though some companies contributed even in years in which they had a loss, not all members fully honored their pledge even in profitable years. [In 1980, 86% of contributions came from only 31% of the PBSP membership.]

In October 1979, the PBSP Board decided that either outside funds must be found or PBSP would have to restrict its operations. Thus a key decision was made to authorize PBSP to contract out its services, and to seek co-financing grants from external donors. Co-financing agreements were to be accepted only for programs consistent with PBSP's own organizational mission and objectives and with an explicit and mutually acceptable understanding that they would be under the management and control of PBSP.

While surplus income had been allocated to a small capital fund since PBSP's founding, it was decided at this meeting that PBSP would systematically set aside a portion of member contributions each year for the next ten years with the goal of capitalizing a permanent endowment fund of 100 million pesos. This would insure PBSP sufficient income to continue its basic work in perpetuity even in the absence of future contributions from member companies.

1981-86: Further Consolidation

The third five year plan, 1981-1986 reflected further program consolidation around the three major themes: food production, small business, and human resources development. Each theme was further broken into sub-themes. Figure 1 clas-

Figure 1

Funded Projects 1981-6 by Project Category

Food		**Small Business**	
Lowland Agriculture	13	Community Credit	15
Upland Agriculture	12	**Human Resources Development**	
Aquaculture	11		
Livestock	16	Community Organization/ Community Building	58
Infrastructure	17	Nutrition	22
Sub-Total	69	Functional Literacy	08
Coop-Small Economic		**Sub-Total**	88
Assistance Program	29	**Grand Total**	232
Micro-enterprise	31		
Sub-Total	75		

sifies the 232 proponent projects funded during PBSP's first ten years according to these categories.

On the financial side progress had been made in development of the capital fund. As of March 31, 1986, the balance in the fund was ₱35,700,000. But double digit inflation rates had sharply reduced the value of the peso. Taking 1972 as the base year for the value of a peso, its purchasing power had dropped to 40 centavos in 1979 and to 21 centavos by December 1983. Figure 2 shows sources of income by planning period and growth in the capital development fund.

Recent changes in the distribution of income are shown in Figure 3.

Two developments during this period set the stage for a more basic re-examination of PBSP programming strategy that was to come in 1985.

The first was a decision by Ernesto Garilao, Executive Director of PBSP, to take a one year leave of absence to complete the Master of Management degree at the Asian Institute of Management (AIM) in 1981-82. For his thesis topic Garilao did a strategic assessment of the first ten years of PBSP's history. This directed increased attention to PBSP's proponent development program, and to PBSP's role in strengthening the management capabilities of proponent organizations. It also left Garilao deeply impressed with the potential value to PVO leaders of serious study in a leading graduate management school.

The second came in response to the board's mandate to contract out PBSP services and to seek co-financing opportunities with other donors. This resulted in a substantial increase in involvement with government on a variety of joint initiatives. As a consequence PBSP became increasingly sensitized to the importance of the policy context of village level development and came to recognize the potentials of PBSP and its proponent organizations to have a beneficial influence on government policies and programs.

GARILAO'S STUDY OF THE PROPONENT DEVELOPMENT PROGRAM

Garilao's study noted that a basic premise of PBSP's original strategy was that proponent organizations existed throughout the Philippines with an established capability to manage development projects. The validity of this premise was critical to the achievement of PBSP's overall mission. Yet it had been proven invalid almost immediately.

Figure 2

Income, Contributions and Capital Fund Growth

(in thousands of pesos)

Year	Contri-butions (1)	Interest Income Plus Other Income (2)	Total Income (1 + 2)	Capital Fund Growth
1971-75	38,655	39,023	42,553	5,200
1976-80	37,655	17,742	55,397	11,600
1980-85	19,622	25,261	44,884	16,900
Total	95,932	82,026	142,838	33,700

An Invalid Assumption

Figure 3

Income for Years Ended March 31, 1986 and 1985

	1986	1985
Membership Donations	₱4,837,964	₱ 5,121,603
Interest	8,911,485	9,025,404
Grants and other contributions	2,760,500	---
Others	1,832,909	765,994
Total	₱ 18,342,858	₱ 14,913,001

Of the 128 proposals PBSP received during its first year of operation only 16 were approved for assistance. PBSP staff were assigned to work with proponent organizations on reworking another 41 of the proposals to bring them up to PBSP standards. In PBSP's 1972 annual report the Board of Trustees called attention to the need for a training system to economically produce managers for social development to the level of competence needed by small and unsophisticated organizations.

A subsequent study of the first 33 proponent organizations assisted by PBSP concluded that more than half were deficient in their management performance. Problems were noted as particularly acute in two areas:

Financial Management: Particular deficiencies included absence of financial records, misuse of funds, poor financial record keeping, poor financial controls, high receivables, and poor repayment of PBSP financial advances [loans].

Personnel Management: Critical problems includedfast turnover of project managers, absence of experienced personnel, laxity of project supervision and absence of apersonnel evaluation system.

It was decided that project screening by PBSP staff must include screening of the proponent organizations to identify technical and organizational inadequacies. Appropriate training and technical assistance would be built into the project plan to correct them. Project screening and implementation monitoring became closer and more exhaustive. To insure the availability of appropriate training, PBSP helped a number of regional institutes and universities establish regional centers to provide training in social development management. PBSP project monitoring staff were expected to provide technical assistance to proponents as required.

Garilao's analysis identified three critical characteristics of the more effective proponent organizations:

- Stable and committed leadership that brought the organization expertise, credibility, and continuity.
- Clearly focused organizational goals and project objectives, with a definite strategy to meet them--all understood and internalized by the members and directors.

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- Good understanding of their environment and an ability to relate effectively to other organizations to gain legitimacy, resources, experience exchange, and know how.

Garilao noted that these were, unfortunately, areas in which PBSP provided little assistance to its proponent organizations.

Existing Approach to Proponent Development

Garilao concluded that the role of the project officer was key in PBSP's approach to strengthening proponent management capabilities. Garilao found proponent organizations most valued those project officer's who:

- Were able to explain to the proponent the whole project cycle from start to completion;
- Had experience and/or expertise with the particular project type the proponent was implementing; and
- Offered assistance appropriate the proponents' needs and level of expertise.

Few project officers had the required experience, and it was not always possible to assign them to the types of projects in which they had a particular expertise.

It took about a year to develop a new project officer to the level of skill required to be effective. But due to high turnover, the average project officer's tenure was only three years. This turnover resulted in a continuing loss of expertise, and a high rate of reassignment of project officers to any given proponent organization as adjustments were made for personnel changes. A proponent organization might find itself working with from two to four different project officers in one year.

Garilao also noted a tendency for the support provided to proponent organizations by PBSP to be too general to accommodate their specific needs. At the same time this assistance focused primarily on the PVO as a project implementor, without addressing its broader and longer term developmental needs as a social development organization.

A New Approach

1981 had been a year of decline in the Philippine and world economies. As a consequence, PBSP had experienced a sharp drop in member contributions. Garilao foresaw a general tightening in the resources available to the smaller PVOs throughout the country and concluded that in most instances donors were going to be tightening their standards for grant approvals. The organizations most likely to survive and prosper in a climate of economic austerity would be those with a strong management capability. As most donors preferred funding PVOs to do specific projects, not to improve their organizational and project management capability, Garilao identified this as a priority area for PBSP attention.

Garilao outlined a new strategy for PBSP's proponent development program built around two goals:

1. To develop the organizational leadership capacity of selected PVOs to survive as long-term social development organizations.
2. To develop the skills of project leaders of assisted PVOs to manage their projects effectively and efficiently.

He proposed that much of the technical assistance in organizational leadership be provided by the regional training centers, with the assistance of PBSP's senior program officers. At the same time PBSP's project officers would be upgraded so that they would be able to provide assistance specific to the type of project they were monitoring.

Greater attention would be given to developing a set of tested technology packages for typical kinds of proponent projects. These would be documented in manuals that would provide guidance to a proponent with a particular need. These manuals would also make it easier for new project officers to assist proponents without having to acquire all the relevant knowledge through training.

Prospective program officers would be screened on the basis of their expressed willingness to stay with the organization at least four years. Skills would be upgraded and salaries increased accordingly. Senior program officers, who were generally more senior, would be assigned to anchor specific program or project types to increase their specialized expertise.

By the time Garilao returned to PBSP from his studies at AIM, implementation of the new proponent development strategy was already underway.

PBSP AND THE LOCAL RESOURCE MANAGEMENT PROJECT

Prior to 1981, PBSP had had little direct involvement with government. During the 1981-86 period this changed dramatically, as it undertook a variety of collaborative activities involving foreign donors and various agencies of the Philippine government. Particularly significant was a contract with the National Economic and Development Authority [NEDA, the central planning agency of the Philippine government] to provide consulting services to four provincial governments and ten municipalities under the U.S. Agency for International Development (USAID) funded Local Resource Management Project (LRM).

The USAID Poverty Analysis

The USAID mission in Manila had released a new country development strategy statement for the Philippines in January 1980. This document featured a poverty analysis that identified five major Philippine poverty groups: informal sector urban workers, artisanal fishermen, upland farmers, landless laborers, and irrigated rice farmers with very small holdings. It further examined the structural determinants of the poverty of households typical of each group. Lack of access to productive assets was identified as a problem common to all poverty groups.

The study highlighted the importance of situation specific analyses of the causes of poverty and called for an effort to remove barriers to effective self-help action by specific poverty groups. The study suggested that because of the structural nature of poverty, measures aimed simply at the stimulation of economic growth were unlikely to benefit the roughly 56 percent of Philippine households that were too poor to afford a minimally adequate subsistence diet. The existing institutional structures would almost inevitably insure that the new wealth would be captured by those those who were least in need, i.e., those who already controlled the country's economic and political power.

The LRM Project

The analysis led the USAID mission to design and fund the Local Resource Management Project (LRM). LRM supported provincial planning offices in undertaking similar poverty analyses for their own provinces. Each participating planning office identified the dominant poverty groups within its province and the distinctive barriers faced by households belonging to each group in improving their livelihoods. The provinces then selected one or more of the major poverty groups it had identified as a focus of initial action. LRM was to fund sub-projects identified by the province intended to remove critical barriers to self-help progress by households in the targeted group.

This represented a sharp break from previous provincial planning practice in the Philippines, which had focused on promoting growth within given economic sectors and expanding designated social services. The resulting plans seldom included even an estimate of the number of poor in the province, let alone an analysis of who they were or why they were poor. It was implicitly assumed that the benefits of economic growth would be shared broadly by provincial residents. By introducing a new planning approach, LRM was intended to change the way in which provincial governments defined the nature of provincial development.

The project also provided grants to a number of Philippine private voluntary development organizations to work directly with members of the designated poverty groups in each participating province, organizing them to define and act on their own priority needs through self-defined

projects. LRM funding was made available to support these projects as well.

PBSP had participated in the design of the LRM project, along with AIM and a variety of other Philippine public and private development agencies. In late 1984, PBSP received a grant under the project to work on the organization of artisanal fishermen in Antique Province and coconut workers in Southern Leyte. Later it received grants under LRM to work in Capiz and Eastern Samar provinces. These activities brought PBSP into close contact with both municipal and provincial governments, as well as with the project's poverty group focus and planning concepts.

Antique Province

Antique Province had chosen artisanal fishermen as the poverty group on which it would focus under LRM. Having made this choice, the provincial government funded a local university to carry out further studies of the fishermen who lived along Antique's coast. This study revealed a substantial range in the circumstances of the small fishermen. Those fishermen with powered boats and modern gear were able to range into the deeper water in search of large commercial fish. Those with the smallest boats caught smaller fish near the shore, mainly to feed their families and earn a little cash.

The poorest of all the coastal fishermen were confined to catching bangus fry in the estuaries, the only capital investment they could afford being a piece of fine mesh net and a bucket. The provincial government decided it would focus specifically on the bangus fry gatherers and called on PBSP for assistance.

Southern Leyte Province

In its work with coconut workers in Southern Leyte, PBSP again found asset control to be a fundamental issue. The economy of Southern Leyte was severely depressed, as the prices of coconut products in the international markets were at historic lows. During more favorable times coconut had produced a good living for land owners, with almost no effort or investment on their part. As a consequence, the province grew almost none of its own food and had developed no other industry. When prices fell it became an economic disaster area with severe and widespread hunger. The same conditions were true for coconut growing areas throughout much of the Eastern Visayas and Bicol regions.

The provincial government of Southern Leyte had decided to promote a new development strategy based on agricultural diversification. But PBSP's early experience brought to light the fact that many of the landowners were not really farmers and had no interest in actually working their land. They had for years simply collected the earnings from the coconuts. The landless laborers who tended the coconuts had no rights of tenure and so were in no position to convert the lands to diversified crops.

This analysis suggested that transferring land to the tiller was the only viable hope, both for general economic recovery, and for improving the lot of the poor of these provinces. In the long run everyone might stand to benefit.

While the Philippine government had carried out a partial reform of rice and corn growing lands, coconut and sugar lands had traditionally been exempted because of the political power of the land owning groups involved. Prospects for government action seemed limited. Therefore PBSP began to experiment with private approaches to land transfer. One approach involved organizing the landless to obtain credit to buy land at depressed prices.

Later, in 1985, PBSP initiated a separate program in Negros [not under LRM] focused on facilitating the transfer to the landless of mortgaged land foreclosed by the Philippine National Bank.

TOWARD A NEW POVERTY STRATEGY

In October 1985, Approtech Asia, a PVO based in the Philippines, held a regional workshop in Manila on the theme of organizational strategy planning. PVOs from throughout Asia participated. PBSP was a prominent participant in this workshop, which featured case studies on a number of PVOs, including PBSP. Other participants included the Bangladesh Rural Advancement Committee (BRAC) of Bangladesh and

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The Fishermen of Antique Province

Antique is the country's richest producer of bangus fry. For six to seven months each year, starting April, the bangus fish spawn and deposit floating masses of eggs that hatch into millions of minute fry which then gravitate to Antique's warmer, nutrient-rich coastline.

Cultivated in freshwater fishponds, the bangus fish cannot spawn in captivity. Hence the bangus fry industry is an important component in the yearly cycle of the country's fishpond industry. Western Visayas alone requires over 1 billion fry annually to stock 58,463 hectares of fishponds.

Bangus fry is big business in Antique--about 92.6 million gathered each year--and is firmly controlled by a tacit arrangement between municipal governments on the one hand, and local elite capitalists on the other. Each year, municipal governments hold public bidding of bangus fry concessions. Winning bids range from P/10,000 per year to as high as P/400,000 for the larger yielding concessions. By law, the concession owner is the sole legal buyer of all fry gathered in his concession.

Those who do the actual gathering are sustenance fishermen using home-made nets called "sarap." It is back breaking work done by whole families. Fries are gathered any time during the day, but bad weather conditions are the most ideal since the fry are pushed to the shore.

The fry gatherers sell their catch to the concessionaire who dictates the buying price per 1,000 as well as the terms of transaction. Inevitably, buying prices tend to be at subsistence levels and it is not unusual for fry gatherers to make only P/30-35 a day.

Because the fish is nearly invisible, the concessionaire can also force an agreement in the per container count. Fry count is normally arbitrary.

Having bought the fry, the concession owner then goes on to sell the fry to fishpond operators at highly competitive rates. Fishpond operators buy bangus fry at a strictly enforced price of around 15 centavos per fry (P/150 per thousand). For the concession owner, the return on investment ranges from 300 to 600 per cent per year, depending on the final catch. His initial investment on concession rights and marketing services translate into a bonanza.

Breaking the hold of local capitalists on bangus fry concessions in Antique is the key to raising the sustenance fishermen's share in the industry's rewards. PBSP, through the Local Resource Management Program funded through NEDA, has began organizing fry gatherers into associations that competitively bid for and control concession rights.

In Bugasong, Antique, 207 fry gatherers banded into the Kilusang Bayan ng mga Malilitt na Semilyador ng Bugasong. They now control a concession, having paid P/130,000 for the rights. Final incomes have increased by over 100 per cent as the fry gatherers cum concessionaires realize a larger share in the sale of the fry.

The key has been not only organization of the fry gatherers but, equally important, organization of the municipal development councils (MDC) to deal with the poverty group and to transform through advocacy the normally competitive bidding process into one of negotiation. The Antique experience has been that the MDC can be readied to negotiate with the organized poverty sector as an empowered group

Antique, however, has no fishpond industry. The fry must be moved to Capiz and Iloilo fishponds. Thus, the next intervention is to federate the fry gatherers organizations in order to displace the middleman.

By replacing the local capitalist as controller of the resource, the bangus fry gatherers have been transformed into a powerful sector in the municipality. For once, a poverty group in Antique has the upper hand.

SOURCE: Excerpted from the PBSP 1985 Annual Report.

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Sarvodaya Shramadana of Sri Lanka. Both BRAC and Sarvodaya had thousands of workers involved in village development work throughout their respective countries. Some workshop participants felt these organizations had grown so large that each had become "a state within a state" in its respective country, performing many of the functions that government should be expected to perform.

The PBSP Board of Trustees was at this time engaged in formulating PBSP's Fourth Five-Year Program Plan. The corruption, military repression, and other excesses of the Marcos administration had again focused the attention of key business figures on a need for new leadership from the private sector.

The Philippine economy was in serious decline. Unemployment was high. Inflation was out of control, and the insurgency problem was growing. It was estimated that the percent of the Philippine population living below a bare food subsistence poverty line had increased from around 50 per cent in the late 1970s to as much as 75 per cent in 1985. Years of mismanagement had led to a crippling foreign debt. Some PBSP Trustees had observed that the situation of the Philippines was worse than when PBSP was founded in 1970--two years before the Marcos administration had declared marshall law on the pretext of alleviating such conditions.

The board felt it was time for a fundamental review of PBSP's strategy. It appointed a program and institutional review committee from among its own members to conduct an institutional review and determine the strategy for the next five years. The committee was headed by Rizalino Navarro, the PBSP Board Chairman. Committee members and PBSP staff together defined the areas to be reviewed. The staff then generated the necessary data. Several of the board members participated actively in this process, meeting with proponents and conducting field visits to become familiar with the Foundation's field activities.

The review committee finished its report in October 1985. It was formally approved by the Board in December. When Marcos was removed from the Philippine Presidency in February 1986, the Board reviewed the plan again and concluded it was still relevant to the changed situation.

1985 PBSP Annual Report

PBSP's 1985 annual report was released in 1986 at a major meeting of PBSP members. The cover featured a scene from the February people-power revolution that brought the downfall of the Marcos regime and restored democracy to the Philippines. Cory Aquino, newly inaugurated President of the Philippines, made the keynote address. The report itself introduced the new PBSP strategy for the period 1986 to 1991.

Chairman's Introduction. In his introduction to the Annual Report, Rizalino S. Navarro, PBSP's Chairman and Chairman of SyCip, Gorres, Velayo & Co., made the following observations:

> Considering that 70% of the Philippine population is considered below the poverty threshold and most of the poor are in the rural areas, PBSP has defined its major role to be the provision of technical and financial support to provincial structures to help them upgrade their capacities to undertake development work focused on poverty groups.
>
> This strategy of decentralization emphasizes development that strengthens the regions and upgrades the capacity of provincial structures to engage in development work while preserving the stability of the central unit. Your Board feels that this is the right time to decentralize and regionalize.
>
> A word of caution, however. As the Foundation moves into poverty-focused strategies, it will encounter structural barriers to its efforts to alleviate the conditions of poverty stricken groups. One major barrier is the poverty group's limited access to productive resources--land, capital, technology, raw materials--most often because of legal or capitalist constraints.
>
> Many of these issues will effect some of our member companies, especially those in the agribusiness or corporate plantation sector or those that are engaged in the development of natural resources. The needs of the upland farmer and small farmer cultivator may come in conflict with our agribusiness thrusts of

consolidation and maximization of resources. The landless rural worker in Negros and Mindanao, whom we are helping to access land, may find competitors among those that advocate plantation economies. While solving the squatter problem, the resettlement of urban poor far away from their source of livelihood may worsen their situation.

These are issues that will confront us within the next five years. I do not say that we have the solutions now--we do not. But we must face this matter head on if we are to be consistent with our mission of improving the quality of life of our Filipino poor.

Last year, in our annual report, we began by asking ourselves: Who is the Filipino poor? We identified six poverty groups--the landless rural worker, the upland farmer, the sustenance fisherman, the cultural minority, the displaced sugar worker, and the urban poor.

During the program review of your Foundation this year, we began by asking the question: Why are they poor? And it is precisely at this point that we began to look into the major structural causes of poverty. ...

The Foundation has earned a lot of good will among its proponents and the beneficiary communities. In many instances, they ask that PBSP play a more direct advocacy role on national issues. Whether or not the Foundation should do so is debatable, but this gives us an indication of our proponents' growing regard and expectations of the Foundation. We should continue to expand our proponents' capacities to do development work. We should continue to discharge our function as a catalyst in development; one that nurtures other organizations to do development work themselves. It is not what the Foundation does that will create an impact in the communities in which we operate. It is what the local proponent organization does that will make the difference. To this end, the Foundation must continue to work with and upgrade the management capacities of local proponents to enable them to perform their tasks more effectively.

Nueva Ecija: Rice Farmers--Low Production, Falling Incomes.

At one time Nueva Ecija produced more rice than any other single province in the Philippines. Rice production and household incomes in Nueva Ecija have been falling in recent years in spite of the fact that Nueva Ecija farmers were the first to adopt high yielding varieties (HYVs).

A study done by ACES, a local PVO, found that in 1970, the year the HYVs were introduced, the farmer earned about ₱263.30 per hectare after expenses. In 1980 he earned ₱747.32 per hectare. But after adjusting for inflation this was the equivalent of only ₱163.99 1970 pesos, a drop of 37.7%.

Prices of inputs have increased much faster than the farmer's selling price of rice, leaving the farmer unable to afford the recommended levels of inputs and resulting in less than optimal yields. At the same time more pest-resistant local rice strains are disappearing, while past excessive use of chemicals and pesticides has led to soil depletion and decreasing productivity of the land.

SOURCE: Excerpted from 1985 PBSP Annual Report

I wish to thank the membership for their continued support. The membership involvement program (MIP) started last year opens a new area for membership participation. Through the MIP, member companies can respond to the needs of their immediate communities in several ways: (1) by directly implementing a development program; (2) by entering into a joint venture with an experienced private development organization; (3) by participating in a project with other member companies; and (4) by referring project proposals to PBSP.

Thus, for member companies, involvement can become more direct. This is a new and challenging role and quite critical for the country in the year to come.

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Negros: Will the Children Have Enough to Eat?

Bony limbs, bloated bellies, and sunken eyes are common to children of the agri-resource rich provinces of Negros Occidental and Negros del Norte, a consequence of its mono-crop economy. These lands have been devoted to producing sugar for export. When sugar prices plummeted, the already difficult situation of the sugar workers deteriorated significantly, with as much as 25% of the total labor force being permanently displaced.

Rather than grow needed foodstuffs for local consumption, most land owners have preferred to leave the land idle while looking for crops that can be managed planation style to maintain the ultimately debilitating hacienda culture. The majority of the basic food requirements of this land resource rich province are imported and PBSP projections indicate this condition will continue through the year 2000 without a major change in land holding patterns to put the land in the hands of the sugar workers to grow their own food and income producing crops.

SOURCE: Excerpted from 1985 PBSP Annual Report

Navarro went on to congratulate the PBSP trustees who had accepted key appointments in the new Aquino administration. PBSP's President, Benny Tan, had been appointed BIR [Bureau of Internal Revenue] Commissioner. Former PBSP Vice Chairman, Jose Cuisia, Jr., had been appointed head of the social security administration and chairman of the Union Bank. Vicent R. Hayme was appointed President of Philippine National Bank; and Daniel Lacson, the governor of Negros Occidental province.

Structural Causes of Poverty. The opening section of the annual report provided an assessment of the nature and causes of poverty in the Philippines, including the following analysis of structural determinants:

> Poverty is a structural disease. There are imbedded socio-economic political structures that allow for poverty to remain the condition of the majority of Filipinos. Three major structural causes can be identified:
>
> 1. **No access to a productive resource base.**
>
> The common plight of the majority of Filipino poor is that their sole resource is their labor. In an economy with a narrow economic base and with hundreds of thousands of surplus labor, the effective wage of the majority of the working poor and the household incomes of those in the informal sector are depressingly low.
>
> Yet other resources are abundant albeit controlled by a relatively few. These include land, natural resource concessions, and capital. The poor cannot gain access to such resources because of the structures that do not work in their favor.
>
> Lack of access to a resource is also compounded by rapid decrease in productivity of the environment and other resources available to the poor. In the uplands, the farmer applies low-level technology and ecologically destructive farming practices--the only technology and practices currently available to him. Eventually, he exhausts the land, contributing to erosion and topsoil run-off. This in turn foils water management for small lowland farmers. The depletion of whatever resource base the poverty groups may have access to is a function of their lack of appropriate technology.
>
> 2. **No access to basic services**
>
> The condition of the Filipino poor is aggravated by the fact that they have little access to basic services: water, sewage and garbage disposal, health services, educational facilities, and police services. Indeed it is a matter of some irony that the poor pay more to avail of basic services the government should be providing at cost.
>
> Living under a range of conditions--from owning small, relatively unproductive plots to squatting on other people's lands--the poor have neither the connections nor the influence

to gain access to basic services. Their usual pragmatic recourse is to tie into existing services often at usurious or exorbitant rates.

For example, lack of safe household running water forces the poor to buy water from those with access to MWSS [the municipal water service] lines. They pay an average P/1 for every three 4-gallon plastic containers. A family of six requires twelve gallons per day--a monthly water expenditure of about P/90. In contrast, the water bill of an apartment dweller with MWSS lines is roughly P/35-40 only per month. Poverty in effect penalizes the poor to apportion a larger slice of their income to pay for basic services while the relatively better-off pay less.

3. **No strategic connections to gain access to a resource base or to basic services.**

The lack of strategic connections redounds to the issue of power.

On the local level, resources are administratively and bureaucratically controlled by local interests or power groups. At the periphery the marginalized groups are unable to muster the necessary pressure to gain access to resources that can spur and sustain their own productivity, and thus take care of themselves during times of sore need.

On the national level, power (and resources) originate and are controlled at the center (i.e., the National Capital Region), with provinces at the periphery. Provinces depend on the national government for resources and are, for the most part, unable to promote the growth of their local economies much less take care of their populace during times of crisis.

Case Studies of Structural Forces. The 1985 Annual Report included a number of case studies illustrating these structural forces at work in the Philippines. [See insets.]

PBSP Priorities. Based on analyses such as those summarized above, PBSP's 1985 Annual Report spelled out six PBSP priorities for the late eighties:

First: **Development of strong provincial economies.**

The province must be the venue for development. Decentralization of power in favor of the local arena will ensure that poverty groups are better served away from the political center. Indicators of a strong provincial economy include: a diversified economy that would result in minimal seasonal fluctuations in employment and income, with both primary and "downstream" industries that complement each other. The local domestic economy--with appropriate social indicators--must be the focus of development. Strategies must include those that specifically reconcile the present dichotomy between rural and urban societies.

Second: **Establishment of local and non-traditional power structures to anchor province-led development.**

The non-government organization sector must be strengthened to complement and check government and other vested interests in a province. The strength of a province will be measured by the plurality of strong non-traditional structures that would reflect and redound to a dynamic local economy.

Three: **Organization of poverty groups into viable communities.**

Poverty groups must be organized with access to resources and a productive base. This transformation would empower them to negotiate effectively with other power structures in their province or arena. Appropriate technology, resource linkaging, and community organization play major roles in this transformation.

Four: **Making resources accessible and available to the poverty groups.**

The country's abundant resources must be more equitably distributed in policy--and in fact. Land, natural resource concessions, and capital must be made accessible and available

to the Filipino poor to complement the labor they contribute to the development of the country.

Five: Responsible utilization of productive resources.

Appropriate technology within the context of a developing Philippines must be applied to ensure the effective and efficient use of land, capital, and natural resources. Greater stress must also be placed on promulgating suitable checks on those who violate the proper use of such resources.

Six: Alternative employment opportunities must be developed.

The development of alternative employment opportunities must be firmly addressed. Job creation and entrepreneurship must be encouraged and supported. More important the bias for 'bigness' on the part of both government and the private sector must be balanced with a program to build micro-, small- and medium-size industries. These would complement existing industry. Employment generation must be spurred at all levels through entrepreneurship; it must not rely solely on industry demand which has been falling or hampered by lack of capital.

Fourth Five Year Plan. The Annual Report included the full text of "The PBSP Fourth 5 Year Plan 1986-91." The following is segment of that plan titled "Agenda."

The main thrust of the Foundation until 1991 is to regionalize development efforts by upgrading the capabilities of proponent organizations to do meaningful development work that benefits specific poverty groups in priority provinces. The Foundation will focus resources on the following major lines of development:

Focus on key provinces. The Foundation will rationalize its development work in key provinces, commencing with a provincial development strategy and the assembly of necessary resources and technologies. The provincial development strategies will be poverty-group focused. The Foundation will work through proponent organizations that will be upgraded to undertake province-wide development. Finally, the strategies will apply a mix of appropriate technologies and resources biased in favor of the province's poverty sectors.

Organization of poverty groups. Organized poverty groups are in the best position to take care of their needs and concerns, and consequently, take control over their own lives. The bonds of dependency on structures of power are to be firmly addressed. Once organized poverty groups are envisioned to be self-propelling and able to deal effectively with other power structures in the province.

Empowerment of poverty groups. The process of empowerment is incomplete unless the poverty groups gain access to a productive resource base and to basic services. In the Foundation plan, poverty groups will be assisted to gain access to land, natural resource concessions, capital, and productive assets. Because of the worsening conditions of communities and households, basic services will focus on health and potable water.

Making appropriate technologies available. Appropriate technology is a carrier of alternative social codes of self-reliance, humanizing work, and creativity. Appropriate technology in the context of the prevailing local situation should allow communities to better utilize resources to their advantage.

Development of local social development structures. The foundation will continue to work through local proponents in its program to reach the "opportunity poor." PBSP will engage in structure building to enhance the social development management capabilities of these proponents (through PBSP's Proponent Development Program or PDP) to manage social development programs. In keeping with the regionalization thrust of the Foundation,

development organizations with province-wide programs will be assisted through a special program.

The audience of this structure building program will be: cooperatives, social development organizations, grassroots organizations (e.g. basic Christian communities, farmers' associations), and provincial development structures, such as foundations, cooperative federations, social action centers, and others.

Moreover, the Foundation will also consider the involvement of quasi-proponent types: member companies and government line agencies.

THE PROVINCIAL DEVELOPMENT FOUNDATIONS INSTITUTION BUILDING PROGRAM

The APPROTECH workshop had confirmed in the minds of PBSP's leadership that they did not want PBSP to grow to the size of a BRAC or a Sarvodaya and assume the functions of a mini-state within a state. The LRM experience had demonstrated the opportunity for PVOs to work effectively with local government and influence important policies at that level. It had also demonstrated the importance of structural determinants of poverty, especially asset control, and the possibilities to address these through local initiative.

Sound Concepts Poorly Implemented

PBSP believed that the underlying concepts of the LRM project were sound and offered a key to addressing the problems of poverty in the Philippines. But implementation of the project had been hampered by the existing procedures of both USAID and NEDA. These procedures delayed project action, centralized decision making, and directed attention away from the poverty groups to a focus on expending funds earmarked for sub-project activities. Ironically, while the attention of project managers tended to be on the timely expenditure of sub-project funds, delays in obtaining approvals for funding of beneficiary identified projects had necessitated PBSP drawing on its own funds to meet commitments to beneficiary groups.

PBSP's role in the project had been highly praised by most observers, including in USAID and the government, but PBSP had found itself so hampered by the constraints imposed by USAID and NEDA that it was reluctant to continue working on this basis. It also saw a range of new potentials for local action without the necessity of direct involvement by central government.

Through LRM, PBSP had seen the potential of provincial and municipal governments to take positive action on poverty group focused development strategies.

PBSP was aware that many of the PVOs it was assisting had moved from single purpose projects to the implementation of multi-purpose programs on a provincial scale. Though most were still focused on village level operations, they represented a growing potential for provincial leadership.

PBSP had also seen the growing involvement of business corporations in development issues and programs. They seemed particularly receptive to assuming more substantive development roles in the provinces in which they had a strong presence. Their managerial and technical expertise combined with their financial strength to make them important development resources.

PBSP concluded that working outside of central government it might be possible to activate these potentials to achieve the objectives of LRM much more cheaply and effectively than was being done under the US$14 million project. Ruth Callanta, Associate Director of PBSP, attended the AIM Master in Management program in 1985-86 and made the development of such a strategy the focus of her master's thesis.

Garilao and Callanta concluded that province based NGOs could play a leading role in activating the high potential provincial structures. The key was to develop at least one PVO in each province to assume a catalyst role in support of poverty group focused province wide development strategies. A proposal was outlined.

The Proposal

Initially PBSP would identify one PVO in each of 15 provinces that it would help to develop into

a "provincial development foundation." Each of these provincial foundations would assume the role of provincial development catalyst in its province. It would define and build consensus around critical provincial development needs--mobilizing independent and collaborative action and resources from a wide range of public and private organizations.

With time these provincial foundations would assume a more critical developmental role in the province. As a PVO became well established in its role as a development catalyst within a given province, PBSP would direct its attention to developing similar foundations in other priority provinces. As provincial foundations became established throughout the country, PBSP would itself concentrate its resources and technical expertise on providing support services to these groups.

The activities of a provincial development foundation would include:

- Sponsoring or otherwise promoting research on the major poverty groups of the province.
- Organizing poverty groups either directly or through encouragement of other local PVOs and local governments.
- Working with government at both provincial and municipal levels to help them integrate the insights of the poverty research into their own development programming and to respond to local initiatives in an enabling mode.
- Encouraging collaboration among a wide range of local groups, both public and private, in efforts to achieve broadly based local development.

PBSP's provincial development foundations program would be comprised of four major elements:

1. *Institution Building.* Assisting each candidate PVO, in a manner consistent with its background and systems of operation, to acquire a strategic management capacity.
2. *Resource Mobilization Assistance.* Build the capacities of each candidate PVO to mobilize additional resources, from both foreign donor and local provincial sources, independent of PBSP.
3. *Policy Advocacy.* Develop the capability of each candidate PVO to interface effectively with government and to manage conflict resolution among provincial development organizations.
4. *Research and Case Studies.* Document and analyze the experience of the original 15 PVOs to draw out lessons for sharing among them, and as input to future programs aimed at helping other PVOs become effective provincial development catalysts.

The provincial development foundations program would allow PBSP itself to remain relatively small and non-bureaucratic while institutionalizing a truly decentralized pluralistic system of poverty group focused local development initiative throughout the Philippines.

Implementation

PBSP obtained a grant of US$300,000 from the Ford Foundation to provide partial support for the first three years of the program. The proposal tentatively identified PVOs assisted and/or founded by PBSP in fifteen provinces as candidates for participation. [See Exhibit 3.] On December 16, 1985, five days after receiving word that the grant had been approved, eighteen top managers and directors of nine of these PVOs were gathered in an orientation workshop led by PBSP in a suburb of Manila.

ORGANIZATION AND STAFFING

As of 1986, PBSP was organized into six functional offices, each with a manager reporting to the executive director through PBSP's associate director.

- *Operations:* Responsible for proponent development and support activities including project identification, development, grant making, monitoring and assessment. The

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provincial foundations program came under this office.

- *Training:* Responsible for development and implementation of training programs for proponents and their staff, including training in project/program management; and in technology development and dissemination.

- *Research:* Responsible for carrying out research in support of planning and policy/decision making within PBSP and for providing technical assistance on research methodology to other PBSP units and proponent organizations.

- *Public Information:* Responsible for liaison with member companies and the public, including development, production, and dissemination of information on foundation work.

- *Programs:* Responsible for prototype projects managed directly by PBSP, as well as for contracts and co-financing projects such as LRM and the Negros land transfer project that fell outside the mainstream of PBSP operations, and for technology development, verification and dissemination.

- *Support Services:* Responsible for administrative functions including accounting and financial management; personnel; and general services.

From 1978 to 1981 the total staff complement of PBSP had averaged about 50 persons. To support the rapid expansion in activities that occurred in the early 1980s, the staff had grown to 114 by 1985. Staff workloads increased at the same time, especially for senior management, who found it difficult to find sufficient time to train and coaching new staff. Even so staff turnover had been reduced to about 15 percent annually, even in the face of recruitment efforts by agencies such as UNICEF and FAO that offered better salaries and more benefits.

OBSERVATIONS ON THE PROVINCIAL FOUNDATIONS PROGRAM

The following observations were made by Ernesto Garilao, PBSP Executive Director in an interview on August 1986.

Underlying the strategy of our provincial foundations development program is a basic principle: Don't bother with Manila. Build the capacity directly in the provinces. Then let Manila follow. It is a kind of a by-pass strategy.

We are concentrating our provincial development foundations program in provinces where we are already well established and know the issues so we can move quickly. In each province we are looking for a key point of intervention. In Negros the clear intervention point is land transfer. Nothing meaningful can be accomplished there on any of the problems faced by poor households without attention to this issue. Since PBSP is not intended to be primarily an operating agency, we look at existing structures to identify the most promising organizations through which to work.

We particularly focus on the potentials of the existing PVOs. Those we select are encouraged to think in terms of the province rather than individual projects. Once this shift in perspective occurs it is possible for them to begin thinking strategically. While our preference is to work with existing PVOs, in some instances we get involved in creating new foundations or in revamping existing one's. In most instances there is a need to strengthen their management capacities, particularly their capacity to think strategically.

Here is where AIM comes in. The best way to teach the provincial foundations the basics of strategic management is to send them to a master's program at a good business school like AIM. From our experience the mental set required to manage strategically is only available from a business school.

Too often we send PVO managers to specialized PVO courses. They meet people like themselves who sit around and complain about their problems and how they make it impossible to accomplish anything. It is better to send them to the best business schools where they will have to compete with successful business managers who know how to make things happen on a major scale. It helps to build their confidence once they learn they can hold their own against these people. They will have to deal with them in their provinces, so this confidence is important. I realize now we should have started sooner with our own staff development, specifically by sending more of our staff to AIM.

Some participants come back a little too ambitious in their thinking about what they can do. Here we have to help them deal realistically with the assessment of the capabilities of their own organizations. So we provide them a one month course taught by our own staff during which they do their provincial poverty analysis, and a strategic assessment of provincial institutions and of their own organization's distinctive capacity.

Part I of the provincial strategic assessment covers the provincial poverty analysis. Here they identify the dominant poverty groups in their province and analyze the structural determinants of their poverty. They also develop an inventory of the development institutions and resources that already exist in the province. Once completed, Part I of the assessment can be used by most any organization in the province. These other organizations then only need to do their own Part II, which defines their own specific strategy for mobilizing existing institutions and resources in support of poverty group focused development action. We encourage groups to do a three to five year strategy.

Once they have done their strategy we work with them on development of specific operating plans. This includes a resource mobilization strategy and a staff development plan, which we will then help them implement.

Often the initial strategies developed by the foundations are not that good. As the staff gain more experience the strategies improve. Also our own understanding of how to work with the foundations on strategy development improves. We will follow-up with each provincial development foundation for at least five years, helping them implement their staff development plans and continue revision and improvement of their strategies.

An organization really cannot develop a strategy all at once. The important thing is to start and then let it evolve as they gain experience. Also most of the PVOs are weak on data collection for their poverty analysis. It is probably more efficient for them to link up with a local university to help them on data collection than to develop these skills themselves.

Where the organization has enough depth to allow the top person to take a leave of absence we sponsor that person for the one year master of management course at AIM. Staff who are not ready or available to attend the one year program may be sponsored to attend AIM's six week program for development managers.

Other courses we provide ourselves, such as organizational management, provincial development strategy formulation and implementation, project management, resource mobilization, and policy advocacy.

So far the resource mobilization efforts of these PVOs have concentrated on foreign donor sources. I'm going to look at the community development foundations in the U.S. to see what they have learned about generating their own local financing. I think there are resources in the province that the PVOs can tap and we need to work more on this.

We are finding we have to vary our approach depending on the province. In Antique there will be two province wide groups: the Federation of Cooperatives and the Antique Development Foundation. In Eastern Samar we are working with a number of smaller PVOs to create a sort of umbrella or federation group.

The results depend on the capacity and experience of the individual PVO. They represent a wide range of experience and ideology, from fairly leftist to right of center.

We are documenting the actual strategies. But so far we have not been able to document the processes by which the strategies have been developed. The process varies substantially from one group to another. Some use participatory schemes that involve all the members of the organization.

Our experience with the LRM project made it clear that if you pursue the poverty group focus to its logical conclusion you are going to step on a lot of toes, including, in the case of PBSP, the toes of our member corporations. The fundamental question is who controls the assets. This may be government. It may be corporations. But it is not the poor.

Every time you deal with a resource control issue you are talking about the interests of the people who currently exercise this control. I'm not sure how far we will be able to go ultimately.

DISCUSSION AT THE ASIAN INSTITUTE OF MANAGEMENT

Ernie Garilao: In Negros Occidental Province we had to decide: What is our provincial strategy? And what is our role in implementing that strategy? We looked at the needs, the resources, our competitive advantage. The most obvious feature of the province was that people were starving in the midst of idle land. We also did a projection that showed the province being almost completely dependent on food imports through the year 2000. This didn't make any sense for a land rich province. We decided the strategy must focus on land transfer and the introduction of diversified agricultural crops to those lands. We decided we would work primarily on the lands foreclosed by the banks.

Gaby Mendoza [President of AIM]: As I understand it you are not really talking about preparation of strategic plans so much as about gaining acceptance for critical strategic concepts. First you identify land transfer as the key to addressing a problem widely recognized by broad segments of the population. Then you work on strengthening the consensus while developing an approach to acting on the consensus.

Ernie Garilao: Our decision to focus on the province as our unit of analysis and action was critical. The problems become much more manageable at this level than when you try to address them at the national level. Some of our NGO colleagues in South Asia are talking about producing an alternative national development plan. That seems to me too big. Too unrealistic. But at the provincial level it is possible.

Gasty Ortigas [Dean of AIM]: Your planning process is quite different than conventional provincial planning. You start with the poor and then do a resource analysis.

Ernie Garilao: When you do this kind of analysis you commonly find the poor are actually hiding right in the midst of a productive resource. The problem is in the nature of their relationship to that resource. Commonly these relationships are defined by a particular industry and its pattern of resource use and control. You analyze the industry and its structure and dynamics from this perspective and you quickly find out why the poor are poor.

Gasty Ortigas: The key is the relationship between people and resources. First you identify how the structure of those relationships impedes broad participation in the provincial development process. Then you look at planning not in terms of producing a plan, but rather in terms of activating a social and political process that will eventually result in changing those relationships.

Dave Korten [AID Regional Advisor]: This helps to clarify why conventional attempts at comprehensive national and provincial planning are inconsistent with a process of institutional

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democratization. The plan assumes everything will be done in lock step in response to a centrally defined blueprint. In your approach the focus is on identifying the key strategic concepts around which there is a possibility of developing broadly based support within the province. The critical feature of such a concept is that its implementation has the potential to unlock the system and release the social energy of the system's people. It is the release of this energy that moves the system to new levels of productivity and equity.

Ernie Garilao: Activating this process depends in large part on the extent to which a broadly based social consensus can be developed on the strategic concept.

Exhibit A

PHILIPPINE BUSINESS FOR SOCIAL PROGRESS (A)

PBSP MEMBER COMPANIES
1985-1986

Aboitiz & Company, Inc.
Aboitiz Manufacturing Corporation
Aboitiz Shipping Corporation
Advertising & Marketing Associates
American Wire and Cable Company, Inc.
Andres Soriano Corporation
Anscor Insurance Brokers, Inc.
The Aristocrat, Inc.
Armco-Marsteel Alloy Corporation
Asian Appraisal Company, inc.
Assisi Resources Corporation
Atlantic, Gulf & Pacific Co. of Manila, Inc.
Atlas Consolidated Mining & Development Corporation
Atlas Fertilizer Corporation
Bayne Adjusters & Surveyors, Ltd.
Belisle Investment & Finance Company, Inc.
Bell Carpets, Inc.
Binalbagan-Isabela Sugar Company, Inc.
Bookmark, Inc.
Business Relations International, Inc.
Canlubang Automotive Resources Corporation
Cebu Oxygen & Acetylene Company, Inc.
Cebu Shipyard and Engineering Works, Inc.
Central Azucarera Don Pedro
Citibank, N.A.
City Trust Banking Corporation
Communications Electrical Equipment & Supply Company, Inc.
Consolidated Industrial Gases, Inc.
Connell Brothers Company (Philippines)
Cummins Diesel Sales & Service Corporation of the Philippines
Davao Light & Power Company, Inc.
Delgado Brothers, Inc.
Domestic Insurance Company of the Philippines, Inc.
Dutch Boy Philippines, Inc.
Eastern Textile Mills, Inc.
Edward Keller, Ltd.
Esteban Adjusters and Valuers, Inc.
Far East Bank & Trust Company
Federal Insurance Company, Inc.
Firestrone Tire and Rubber Company of the Philippines
First Chemical Sales Corporation
First Philippine Holdings Corporation
Floro Enterprises, Inc.
Francisco Motors Corporation
Griffith Laboratories
Hooven Comalco Industries, Inc.
IBM Philippines, Inc.
Insular Bank of Asia and America
Iligan Recapping Corporation
Jackbilt Concrete Block Company, Inc.
Jardine Davies, Inc.
Jardine Nell Corporation
Joaquin Cunanan & Company
La Dicha Cigar & Cigarette Factory, Inc.
La Tondena, Inc.
Lepanto Consolidated Mining Company

Lu Do & Lu Ym Corporation
Mabuhay Vinyl Corporation
Makati Stock Exchange
Manila Electric Company
Maria Cristina Chemical Industries, Inc.
Marilag Corporation
Marsman & Company, Inc.
Medina Coconut Products, Ltd.
Menzi & Company, Inc.
Mercury Drug Corporation
Mobil Philippines, Inc.
Modern Glass Distributors, Inc.
Negros Navigation Company, Inc.
Pacific Products, Inc.
Pall Roces Corporation
Paper Industries Corporation of the Philippines
Pfizer, Inc.
Phelps Dodge Philippines, Inc.
Philex Mining Corporation
Philippine Acetylene Company, Inc.
Philippine Advertising Counselors, Inc.
Philippine Commercial International Bank
Philppine Insurance Associates, inc.
Philippine Overseas Drilling & Oil Development Corporation
Philppine Packing Corporation
Philippine Tobacco Flue-Curing & Redrying Corporation
Philippine Wallboard Corporation
Philippine Welding Equipment, Inc.
Pilipinas Shell Petroleum Corporation
Pillsbury-Mindanao Flour Milling Company, Inc.
Private Development Corporation of the Philippines
Quezon City Theatrical Enterprises, Inc.
Radiowealth, Inc.
Red V Coconut Products, Inc.
Refrigeration Industries, Inc.
Republic Glass Corporation
Rizal Theatrical Company, Inc.
Robert Lipton & Company
Roxas & Company
San Miguel Corporation
Sarmiento Enterprises, Inc.
The Shell Chemical Co. (Phils.), Inc.
The Shell Company of the Philippines, Ltd.
Shell Distribution Company, Inc.
SKR Manager & Advisors, Inc.
Smith Bell & Company, Inc.
Smith Bell Insurance Brokers, Inc.
SyCip, Gorres, Velayo & Co.
Telengtan Brothers & Sons, Inc.
The Zuellig Corporation
Thomas Cook (Phils.) Inc.
Trans-Philippines Investment Corp.
United Laboratories, Inc.
Universal Textile Mills, Inc.
Victorias Insurance Factors Corporation
Warner Barnes & Company, Inc.
Yutivo Corporation

Exhibit B

PHILIPPINE BUSINESS FOR SOCIAL PROGRESS (A)

PBSP Board of Trustees, 1985-1986

Chairman	**Rizalino S. Navaro** *Chairman* SyCip, Gores, Velayo & Co.
Vice Chairman	**Jose L. Cuisia, Jr.** *President & Chief Operating Officer* Insular Bank of Asia and America
President	**Bienvenido A. Tan, Jr.** *Director* Philippine Tobacco Flue-Curing & Redrying Corporation
Treasurer	**Andres Soriano III** *President* San Miguel Corporation
Corporate Secretary	**Cornelio Gison** *Partner* SyCip, Gores, Velayo & Co.

Members

Ernesto Boitiz
President
Davao Light & Power Company, Inc.

Henry A. Brimo
President
Philex Mining Corporation

Cesar A. Buenaventura
President
Philipinas Shell Petroleum Corporation

Corazon S. de la Paz
Senior Partner
Joaquin Cunanan & Company

Jose R. Facundo
President
City Trust Banking Corporation

Antonio R. Infante
Executive Vice President
Andres Soriano Corporation

Vicente R. Jayme
President
Private Development Corporation of the Philippines

Daniel L. Lacson, Jr.
President
Negros Navigation Company, Inc.

Bruce H. Martin
President
Smith Bell & Company, Inc.

Antonio H. Ozaeta
President
Philippine Commercial International Bank

Roberto R. Romulo
President
IBM Philippines, Inc.

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Exhibit C

PHILIPPINE BUSINESS FOR SOCIAL PROGRESS (A)

Prospective Provincial Development Foundations As Identified in Original Proposal

Luzon

1.	Benguet	Benguet Development Foundation
2.	Camarines Sur	Naga Social Action Center
3.	Neuva Ecija	Agency for Community Educational Services (ACES) Foundation
4.	Quezon	Quezon Federation of Cooperatives
5.	Mountain Province	Development Agency to the Tribes in the Cordilleras

Visayas

6.	Cebu	Pagtamoayayong Foundation
7.	Negros Occidental	Negros Economic Development Foundation
8.	Antique	Antique Federation of Cooperatives
9.	Capiz	Capiz Development Foundation
10.	Northern Samar	Northern Samar Development Foundation
11.	Sountern Leyte	South Pacific Development Foundation

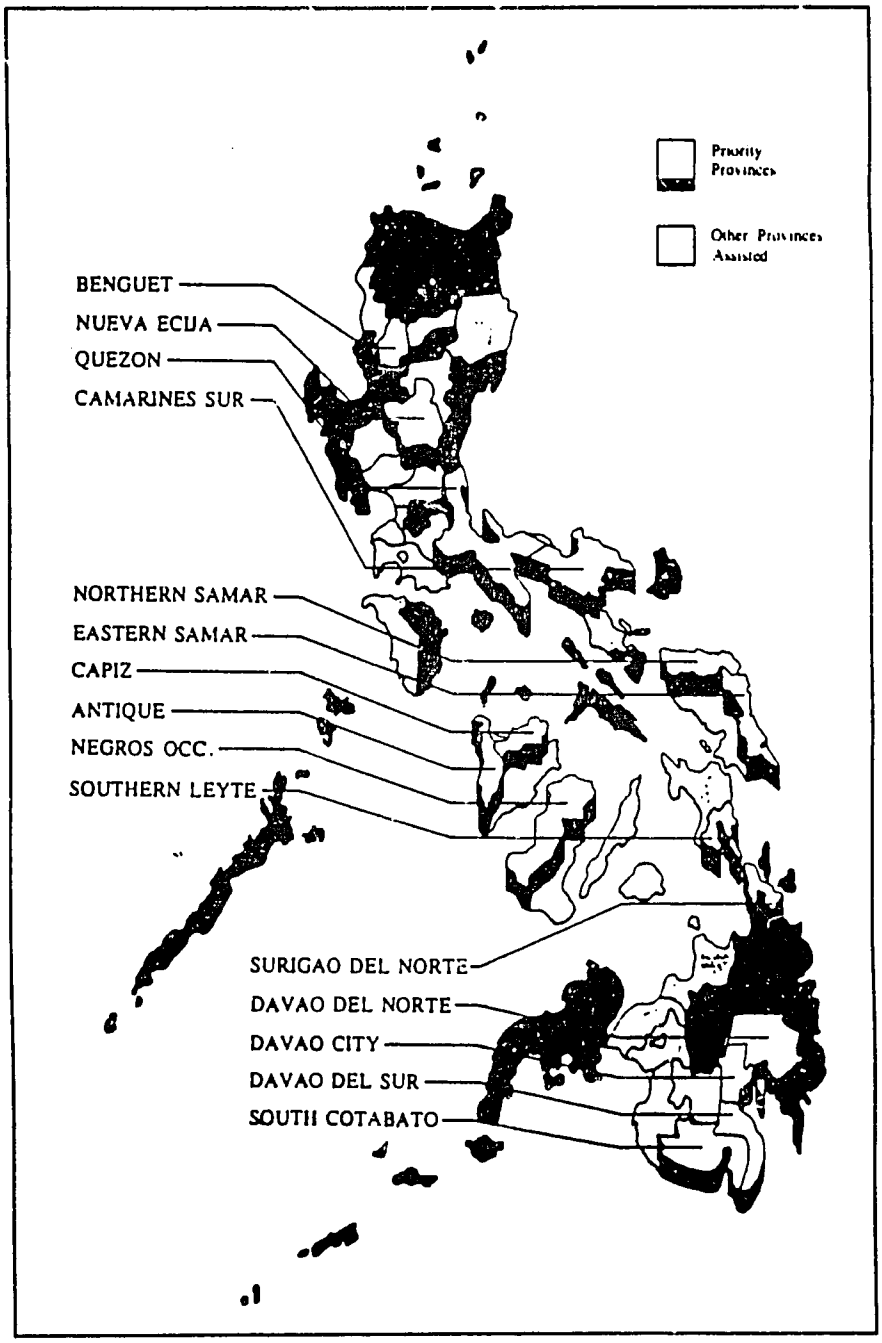
Mindanao

12.	Surigao del Norte	Surigao Economic Development Foundation
13.	Lanao del Norte	Iligan Development Foundation
14.	Surigao del Sur	Bislig Community Development Foundation
15.	South Cotabato	South Cotabato Foundation

Exhibit D

PHILIPPINE BUSINESS FOR SOCIAL PROGRESS (A)

Provinces in which PBSP was Active



A Critical Look at an Existing Strategy

It was October 1986 and 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. The CARE Indonesia Program was perceived by CARE New York to have become overly concentrated on the installation of 60 to 75 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 country program, but had not shifted its central focus. Consequently Jackson had been sent out with a mandate to revitalize the program.

PREPARING FOR CHANGE

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

- Establish self-sustaining mechanisms that would provide government planners accurate information on community based rural water and sanitation development needs, highlighting policy options for the Government of Indonesia, and alternative methods of project implementation.
- Collaboration with selected Indonesian Private Voluntary Organizations (IPVOs) on various types of projects.
- 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.

An external consultant had been invited to the most recent senior staff retreat as a resource person. He had outlined a number of concepts that he felt might be useful to the CARE staff in carrying out a strategic assessment. [See Exhibit B for a summary of these concepts.] The staff had been quite stimulated by these discussions, but remained unclear as to how to apply the concepts to their own situation.

CARE Indonesia was expected to have its new multi-year plan ready for CARE headquarters by the beginning of 1987. The time had arrived to take the many ideas and concepts that had been generated and forge them into a coherent plan. Work on this plan 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 to work on this task.

This case was prepared by David C. Korten of the National Association of Schools of Public Affairs and Administration (NASPAA), with the assistance of Andree Iffrig of the Lembaga Studi Pembangunan (LSP) as a basis for discussion rather than to illustrate either effective or ineffective handling of an administrative situation. Revised February 1988.

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 U.S. $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 shifted its attention to the poor of the Third World, and it's programs 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 projects. It did not provide financial assistance to other organizations. By 1987 this policy was being debated, with consideration given to experimenting with new approaches. The possibilities for such experimentation were facilitated by the fact that CARE field operations were highly decentralized. Each country office exercised considerable autonomy in the design and implementation of its own program.

From CARE's founding until the late 1970s, CARE policy making and operations management had been in the hands of CARE U.S.A. headquarters in New York. Up to that time CARE offices in Canada and the European member countries had been largely fund raising offices. Some country partners become interested in assuming a larger role in directing the affairs of the organization commensurate with their national financial contributions. In the late 1970s CARE Canada established its own board of directors. European members soon did the same. CARE International, with headquarters in Paris, was established in the early 1980s, with a board comprised of two representatives of each member country.

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. Various emergency relief efforts were carried out over the years in response to natural disasters.

In 1968 self-help/rural community development activities were initiated in West and Central Java. These consisted of small rural development projects in the fields of agriculture, rural infrastructure, and appropriate technology. 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 established with West Java in 1976 in an agreement by which the province provided funds to CARE to assist 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.

CARE then proceeded to sign separate agreements with each of the provincial governments on the island of Sulawesi under which the provinces agreed to contribute financing to CARE's Sulawesi rural community development project. CARE's financial contribution to the project was provided by CARE-Canada with funds obtained largely from CIDA--the Canadian development assistance agency. CARE was the only international PVO in Indonesia to receive and manage Indonesian government funds.

The development of water and sanitation facilities in rural villages became the cornerstone of CARE activities in Indonesia from the late 70s to the mid-1980s, a response to statistics indicat-

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 during the previous two decades to strengthening state bureaucracies, with a consequent concentration of responsibility for development planning and implementation in government hands.

Oil revenues provided the major source of financing. Little attention was given to the mobilization of local resources. 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. These conditions tended to stifle local development initiative.

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 re-examination of the position that development was the exclusive province of government, and an inclination to encourage greater initiative from the private sector, including private development agencies.

ing that in 1977 less than six percent of the rural population had access to clean water and sanitation facilities.

Funding for this activity outside of Sulawesi came predominantly from CARE International, the government of Indonesia, and the United Stated Agency for International Development (USAID). A dry lands farming systems project was initiated by CARE in NTB in 1983 with partial funding from USAID to address problems of soil and water conservation.

In early 1985, the new CARE USA director of program administration visited Indonesia and sent a report to New York noting CARE Indonesia's narrow concentration on the construction of water systems and the relatively limited impact of the program. USAID/Indonesia had also let CARE know that it was not interested in funding village water systems indefinitely.

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 resulted in funding for a child survival project that immediately began operations in West Java and was projected to expand into East Java and NTB.

CARE INTERNATIONAL'S GROWING ROLE

In early 1986, CARE International announced that, effective July 1, one member country would be designated as lead member for each CARE recipient country, and would eventually assume responsibility for managing operations in that country. CARE Canada was named lead member country for Indonesia. It was noted that Canadian responsibility for Indonesia's country operations would be phased in as CARE Ottawa developed the necessary capability.

The immediate implications were unclear. The staff of CARE Indonesia were all employees of CARE USA, and most of the mission's support facilities were provided by New York. Of CARE Indonesia's five expatriate staff, four were Americans, and one was a Haitian--who managed the Canadian funded Sulawesi Project.

The CARE Indonesia mission immediately began copying all communications to both New York and Ottawa. It was later announced that the country director and the director of a Canadian funded project would formally report to CARE Canada during their Indonesian tours.

CARE INDONESIA 1986

Responsibility for the implementation of CARE projects in Indonesia fell to five regional offices located in Sulawesi, NTB, Bali, West Java, and East Java. 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 US$2.6 million. 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 recent central focus. In later years, health and income generating activities had been 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.

Over the past three years the project had sought a gradual integration of its water system development activities with related concerns for environmental sanitation, health and nutrition, and income generation. These activities included installation of household latrines and water drainage systems, garbage disposal, gardens and animal pens, and construction of entrance paths, and 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 assistance in the construction of water systems were expected to collect user fees to cover the costs of operation and maintenance.

Health activities under the Sulawesi Project involved the training of village volunteers for a variety of activities. The main activity undertaken by assisted villages was monthly baby weighing. In some villages the local health center doctor attended the weighing meetings to immunize the children and treat their illnesses. Several of the volunteers distributed oral rehydration packets obtained from the local health center.

Support for the health activities was provided by the same staff responsible for water system development. There were no specialized health workers or 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 [health] activity targets, but it is not training, supervising and monitoring them in carrying out educational processes or ensuring that the government health staff will continue to support the cadres when CARE leaves the villages.

The Sulawesi project was giving increasing attention to income generating activities such as the production and sale of cash crops, and was forming local cooperatives to provide production inputs and market produce.

Rural Water and Sanitation Project

Since it was initiated in 1978, CARE's rural water supply and sanitation project, working in the provinces of East and West Java, Bali and NTB, 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. 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 functional, 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, community 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. Community contributions ran 10 to 15 percent of total direct costs.

CARE staff had observed that certain communities contiguous to those which CARE had 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.

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.

The Indonesian government estimated that by 1984, thirty two 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. Prior to these cuts a review of the water sector by WHO and GTZ [the West German technical assistance agency] had concluded that the government's targets in rural water supply and sanitation "cannot be met without a massive

Reasons for Limited Effectiveness of Government Assistance in Village Water Development

A number of factors had been identified as limiting the effectiveness of the government's assistance for village water development.

- Reliance for construction on contractors who worked with little supervision and had no incentive to get community input.
- Use of arbitrary design standards without regard to local needs and conditions.
- No effort to obtain community input to design. No community financial contribution. And no social preparation of communities.
- Allocation of only 2.5 percent of the government's water budget for maintenance.
- Targets and incentives for system development that addressed only new construction and took no account of whether previously constructed systems continued to function.
- Poor training and supervision, and inadequate incentives to encourage government employees to visit and work in the villages.
- 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.
- No provision for water use planning, or for rational allocation and enforcement of water rights.

increase in manpower, a sizeable increase in construction funds and a strengthening of the management of the program."

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 and the formation of women's 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:

> 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 to install water and sanitation activities in an additional 43 sites and to develop new strategies for: 1) training IPVOs and government representatives; 2) collaborating with IPVOs; and 3) influencing government policy. It 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, dry land 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 intentions 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 demonstrating that there was real substance to the new strategy.

CARE/Indonesia submitted a brief concept paper to USAID Indonesia explaining how funds from the project would be allocated to support implementation of the new strategy. Three themes were outlined: 1) Indonesian government policy and implementation; 2) IPVO program collaboration; and 3) Indonesian government staff and IPVO training. 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. It was proposed that $54,000 of the project budget be allocated to these activities.

Dry Land 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 resulting from 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 for a period of up to 25 years until the fertility was restored through natural regeneration processes--after which the cycle was repeated.

As population growth placed increasing pressure on the land, the fallow periods had grown shorter, with dramatic consequences for the organic content and water holding capacity of the soil. The result was increasingly 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.

In 1983, the problem on the islands of Lombok and Sumbawa was severe. In Western Sumbawa, with a population density of 49 persons per square kilometer, the fallow periods averaged 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.

Under what was then called the "Leucaena Farming Systems Project," farmers 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 in hedge rows, along with grasses that stabilized the slopping lands. As the hedge rows became established they resulted in the gradual formation of natural terraces. Soil fertility was increased by the legumes and by applying leaves from the leucaena as green manure. At the same time the hedge rows and grasses produced firewood and animal fodder.

Once the soils were stabilized, water retention capacity improved, and soil fertility restored, staple or cash crops were introduced between the legume hedge rows in a system known as alley cropping.

The farmer leaders sent to Flores were impressed by what they saw. Their reports to their neighbors on their return to Lombok were so enthusiastic that the technology was rapidly adopted by 600-700 farmers. It became evident that the technology had the potential to address needs of farmers throughout much of Lombok and Sumbawa islands. In 1984 CARE submitted a project proposal for a dry lands 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 further expansion through CARE extension agents, whose numbers were projected to increase substantially.

CARE staff normally began work on a new site by identifying some of the more progressive farmers and taking them to established project sites to observe first hand the long term potential of improved dry land farming practices. These farmers were then enlisted as farmer leaders to assist CARE extension workers 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. Input costs were minimal as the technology used organic approaches to building soil fertility, and did not require the use of commercial fertilizers. Participants were also encouraged to use seeds and services available from the Ministry of Agriculture.

In spite of the intensive involvement of CARE staff, on one of his periodic visits to advise the CARE staff in Lombok, Larry Fisher, the World Neighbors Representative for Southeast Asia, called attention to a quality problem. Many farmers who had observed and been impressed with the end results of the natural terracing technology, 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.

As a consequence of Fisher's report CARE decided to drop the less serious participants in favor of working more intensively with those who seemed willing to follow the prescribed procedures.

Just as CARE had learned the 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 *pesantrans* [traditional community sponsored Islamic boarding schools]. Both had centers located

Comparison of CARE and World Neighbors Approaches

The CARE and World Neighbors programs differed in their uses of program 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 placed fewer demands on them and expected them to serve without pay.

throughout NTB from which extension efforts might be undertaken.

The work being done under the Dry Lands Farming System Project 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 already 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 15 months of continued funding for the project while CARE reassessed its approach.

Child Survival Project

This project had been partially 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. Three 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 government's village health volunteer scheme needed re-examination.

- Intensive inputs of CARE field staff were required to train, supervise, and motivate the village health volunteers. The Indonesian government could not match these inputs and CARE could not sustain them.

- The government health workers seemed both poorly equipped and poorly motivated to provide the support required by the volunteers.

- There was little incentive for the health volunteers to devote the required time and attention to their assigned tasks.

Consequently, 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. The original staff would need to be left in place to continue supporting the first round of villages. Henning was also concerned that, 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 in the concept or proposal stage were intended to further expand the scope of CARE's programming in Indonesia.

Nias, North Sumatra Project

Prior to his departure, the previous CARE country director had made a commitment to the provincial government of North Sumatra to introduce a CARE community assistance program in the province. A proposal was subsequently prepared to support the development of water systems the Nias District of North Sumatra. This proposal was criticized by CARE New York on the grounds that it represented nothing more than a narrowly focused extension of CARE Indonesia's existing water activities. The water proposal was scrapped and a team of four CARE staff visited Nias in October 1985 to draft a new proposal, which subsequently went through a number of revisions before it was submitted to CARE New York for approval.

Nias district was a large but isolated island off the coast of Sumatra that had seen little benefit from Indonesian development programs. It represented conditions fairly atypical of the rest of Indonesia. Subsistance farming was the main economic activity and per capita income was one fifth the national average. 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.

Most public services were inadequate. Less than one percent of the 86,800 families on the island had access to protected water supplies. More than 65 percent of Nias villages were accessible only by foot.

The current version of the project paper noted a dearth of private non-profit humanitarian or development organizations on the island. Various church groups were active, but mostly concerned with purely religious affairs.

The paper proposed a classic community development approach starting in three villages. Local "community mobilizers" would be selected to assist in the formation of groups of 15 to 25 families that 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 IPVOs, and indicated that participation of such groups would be encouraged on a counterpart basis in the original villages. CARE would provide them with training as required.

Development of Indigenous PVO's

This was a concept paper for a possible project to strengthen three small IPVO's identified by CARE staff in North Sumatra. The proposal 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 proposed support would be to provide financial assistance to these groups to allow them to hire full-time staff. 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.

SETTING A NEW AGENDA

Before his August 1985 arrival in Indonesia, Jay Jackson had been CARE's country director in Honduras, a country of 3.5 million people with an area smaller than West Java. CARE installed 60 water systems a year in Honduras, roughly the same number as CARE's entire program for Indonesia. In Honduras CARE's installation rate would ensure that all villages in Honduras had access to clean water by 1990. But Indonesia's population was some 49 times that of Honduras. Given Indonesia's size, CARE could not hope to achieve comparable national coverage there using the same approach as was successful in the much smaller country of Honduras.

Jackson concluded that CARE had defined itself in a way that limited it to a peripheral role in Indonesian development. He was also concerned that CARE was not giving enough attention to sustainability. More than other organizations working on village water development in Indonesia, CARE had given serious attention to development of village associations to manage the systems.

But each installation was treated as a discrete project. There was no provision for any follow-up assistance, either by CARE or from any other source once the system was completed. CARE really didn't know whether the social and technical preparation being provided was adequate. It seemed likely that even the stronger associations might need occasional back-up support that was not currently available.

Senior Staff Meetings

Jackson had been 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 senior staff retreat, 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 adding new activities in 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 Indonesia's need, but with no expected increase in CARE Indonesia's financial resources. 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 that a number of new initiatives beyond water were already underway.

In spite of some misgivings, the staff did proceed to engage 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. Subsequent senior staff retreats 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 strategy.

The Jakarta meeting was attended by Tom Drahman, 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 on the implementation of its existing projects. In

so doing they would benefit from CARE's experience while extending 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 dry land farming systems project. There was particular resistance among some staff to 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 district of the province and a variety of different project activities--including both water and health--were being implemented in the same villages. Jackson was impressed that this concentration of effort seemed to result in the CARE-assisted communities reaching out to themselves assist other villages not yet included in CARE's program coverage.

Supervision was also greatly simplified and staff spent much less time traveling from site to site. The concentration also allowed more attention to developing effective relationships with local government counterparts.

While East Java also focused its activities in a single district, the clustering of programs and sites in South Sulawesi provided a striking contrast to West Java where the water program was dispersed among six villages in as many districts 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. Jackson pointed out the advantages of clustering, at the subsequent senior staff retreat.

The Mataram Staff Retreat: Strategic Frameworks

The most recent senior staff retreat had been held in June 1986 in Mataram on Lombok Island. 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 that 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. See Exhibit B.

Considerable interest was expressed in the idea that CARE Indonesia should commit itself to what the consultant called 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 as a catalyst of institutional and policy change without direct on the ground experience. Therefore it would need to 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 national scale policy and institutional outcomes. Reviewing CARE's existing portfolio the consultant suggested that current activities seemed to fit roughly into four clusters: water supply, dry land agriculture, primary health care, and income generation--each of which might become a program commitment. A simple matrix was developed matching activity clusters with provinces. [See Figure 1.]

Figure 1

PROGRAM MATRIX

PROVINCES	PROGRAMS			
	Water	Dry Land	Health	Income
West Java	X		X	
East Java	X	P	P	
NTB	X	X	X	
Central Sulawesi	X		X	X
South Sulawesi	X		X	X
SE Sulawesi	X		X	X
Nias (N. Sumatera)	P			P

Key: X = Underway P = Planned or Proposed

Participants then discussed the suitability of each of cluster as a prospective long term program commitment, and the key issues faced with regard to looking at each from a third generation perspective.

The 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 requirements of each for the sustained support of an outside agency. For example, baby weighing required no outside inputs once the scale was obtained. Oral rehydration solutions might be based on ingredients available in the home or on packets purchased in a local pharmacy. But villagers would almost inevitably depend on government workers for immunizations.

There were also discussions of possibilities for establishing linkages among prospective programs. For example it was noted that some communities were being urged to use water user fees to create a fund to compensate village health volunteers.

To date CARE Indonesia's income generating activities had been confined to the integrated Sulawesi Project. Most were agriculturally based activities, such as the promotion of onion production.

CARE New York had recently assigned a small enterprise advisor in Bangkok to serve as a regional technical resource to CARE missions throughout Asia. Two other regional technical advisors had recently been assigned to Bangkok in health and natural resources.

These assignments coincided with announced New York priorities in these sectors. CARE Indonesia staff had assumed that income generation would be a growing focus of CARE Indonesia attention. It was expected to be an important element in the new Nias project.

In the Mataram discussions the consultant suggested that the water, health, and upland agriculture themes lent themselves to sufficiently tight definition to serve as suitable program themes. He argued, however, that income generation might be too broad to provide a useful program focus. It covered such a wide range of potential activities that it 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.

CARE staff noted that each of CARE Indonesia's other more clearly defined activities had income generating dimensions that might be developed more explicitly.

The consultant urged the CARE staff to give careful attention to clearly defining the programs to which CARE Indonesia would commit itself in sufficiently precise terms so that it would be evident what types of competence would be needed to implement each

It was suggested that once each program had been defined, attention should be directed to identifying key issues or problems that would need to be resolved for that program before satisfactory progress could be achieved, as for example the need to further strengthen water user associations. CARE would then need to direct its attention to developing effective approaches to dealing with these issues and problems. Program strategies, at least in the early stages, would in many respects be learning strategies aimed at developing particular new capacities within CARE Indonesia.

Task for the Bandung Meeting

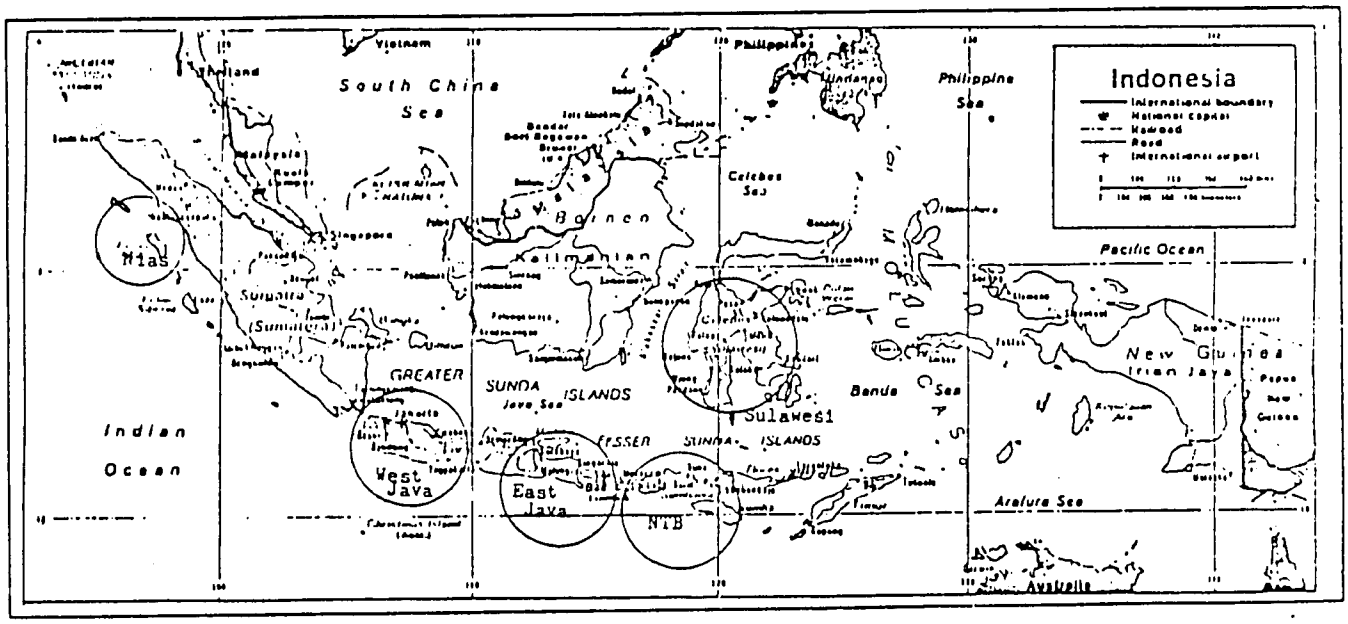
Staff response to the discussions was highly positive, but the specific implications for what they should be doing eluded most of them. The Bandung meeting scheduled for later in 1986 was to be an opportunity to operationalize the application of the concepts outlined in Mataram.

In Bandung the staff would need to pull together the strands of ideas generated over the previous year into a coherent strategy. They were asked to come prepared to address this task.

EXHIBIT A

CARE INDONESIA (A)

CARE in Indonesia



Guidelines for a Strategic Assessment

At the Mataram retreat a visiting consultant introduced the CARE staff to a number of ideas he suggested they might find useful in guiding their thinking about CARE International's country strategy for Indonesia. These ideas are outlined below.

Community controlled resource management systems are the key to a broadly based sustainable development.

For any development intervention to produce a sustainable outcome it must leave in place a self-sustaining resource management system. Prospects for sustainability and broadly based participation in development benefits will be considerably enhanced to the extent the system chosen emphasizes community control and initiative.[1]

Unfortunately most public development activities work from a resource system management model that places system management authority in the hands of central bureaucracies staffed by trained technocrats. Underlying this tendency is an assumption that only properly qualified technocrats are able to be completely objective in arriving at decisions that will result in the socially optimal allocation of productive resources.

In fact not only is resource allocation under the bureaucratic management system seriously suboptimal, the development progress of the society is likely to be impeded by the fact that conventional bureaucracies generally:

- Are unable to make the fine tuned response to local conditions necessary to meet local priorities at minimum cost.
- Place insupportable demands on central financial resources while leaving untapped a wide range of local development resources that are inaccessible to central planners and administrators.
- 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.

Consequently experience has revealed that people who depend on centrally funded services provided by large governmental bureaucracies are likely to find themselves highly vulnerable to service failures and even exploitation. Private voluntary organizations (PVOs), like CARE need to be acutely aware of the two alternative resource management models--centrally versus community controlled--and their implications, to insure that their activities support the model consistent with their own objectives.

A serious effort in support of a transformation toward greater community control is likely to involve the PVO in such matters as ownership rights,

1 For further information on community based resource management systems see David C. Korten (ed.) *Community Management: Asian Experience and Perspectives* (West Hartford, Conn.: Kumarian Press, 1986).

local technical capacity, leadership accountability, self-financing, etc. In addition to dealing with these matters as community level concerns attention may also be needed to policies, laws and other institutional arrangements that strengthen or weaken local control.

PVOs interested in playing a leadership role in the transformation of resource management systems must make an explicit commitment to "third generation" strategies aimed at policy and institutional change.

It is possible to identify three distinctive strategic orientations among private voluntary development organizations. All three co-exist within the larger PVO community--and may even co-exist within a single PVO. However, there is an underlying direction of movement within individual PVOs, and within the PVO community more generally, that makes it appropriate to identify these orientations as first, second, and third generation.[2]

- **Generation 1:** *Relief and Welfare*: The focus of the first generation strategy 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 a 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 through the reform of policy and the reorientation of institutions constitute a third generation of PVO development strategy.

2 For further information on the three generations of PVO strategy see David C. Korten, "Third Generation NGO Strategies: A Key to People-Centered Development, in *World Development*, Special Fall Supplement 1987.

Programs, rather than projects, are the appropriate unit of management for PVOs pursuing third generation strategies.

Projects take a limited perspective on the development problem, focusing attention and resources on achieving a specific result or benefit at a specific time in a specific location. They encourage a focus that draws attention away from developing the capacity of resource management systems to sustain the flow of benefits beyond project completion.

Programs are normally of indefinite duration and involve repeated activities. They are defined in terms of the needs that they address, the technologies involved, and the institutions that generate the intended outcomes. PVO's concerned with sustainable development outcomes are well advised to define their strategy in terms of programs rather than 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. Since a program commitment is of indefinite duration it implies a considerable 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. Expecting such a commitment with regard to a project is less realistic. A project may involve a commitment of as little as a year, and at best no more than five years. A project manager is evaluated on the results achieved on a one time activity, not on his or her contribution to improving the performance of the next project.

A PVO working at the national level will need a country strategy. A third generation country strategy will normally be defined in terms of a limited number of well defined programs. Each such program should 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? This leads to the definition of defined program commitments and of the *technical* competence the organization will need to meet those commitments.

- *Where* are we going to do it? This leads to a determination of where the PVO will position its people and facilities and a definition of the *geographical* competence the organization will need--including competence in relating effectively to particular political jurisdiction, i.e, countries, provinces, districts and villages.

- And *how* will we do it? This leads to a choice among first, second, and third generation strategic orientations, and a definition of the type of *process* competence the organization will need.

In addressing these questions the PVO should seek to build from its existing strengths and to exercise caution in taking on new commitments for which existing capacity does not exist. To the extent that realizing its objectives requires the development of new competence, as will often be the case, the answers to these questions will assist the PVO in defining the gaps in competence that need to be filled.

Developing program competence requires a well defined 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. Shown in Figure B-1.[3]

Standard project planning formats nearly demand that the project proponent proceed 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 is true.

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 three types of learning are involved in developing program competence:

- 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?
- 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?
- 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 B-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?

3 For further information on program learning strategies see David C. Korten: Community Organization and Rural Development: A Learning Process Approach," *Public Administration Review*, Vol. 40 No. 5, September-October 1980, 480-511.

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Figure B-1

SCHEMATIC REPRESENTATION OF PROGRAM FIT REQUIREMENTS

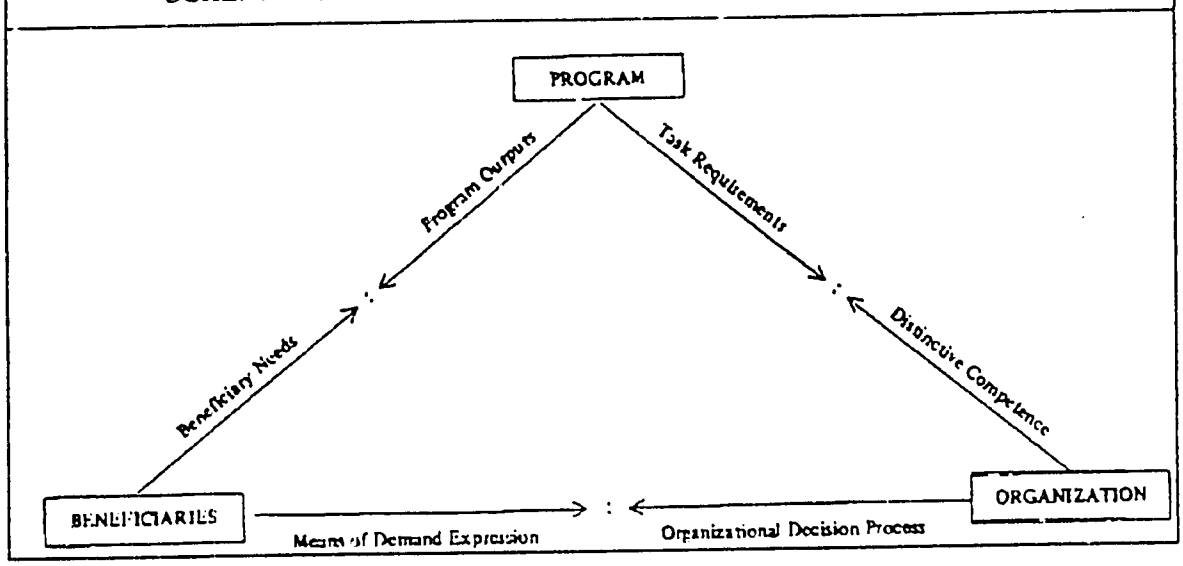
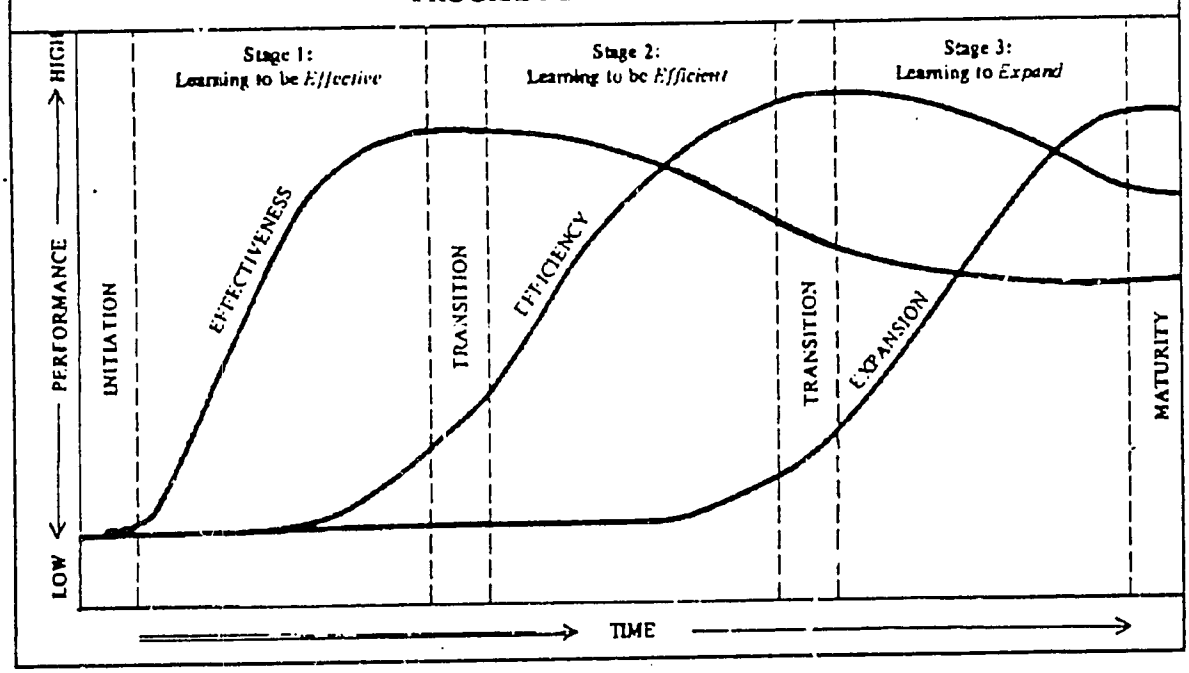


Figure B-2

PROGRAM LEARNING CURVES



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Addressing the Implications of a New Strategy

The staff of CARE Indonesia greeted 1987 with the sense that they had a major, but exciting task ahead of them. They had spent the past 18 months developing a new country strategy committing them to a significant change in CARE's role in Indonesian development. The preliminary draft of their resulting strategy paper, sent to CARE headquarters in November 1986, had been positively received. While pleased by the response, they were aware that getting formal approval for the new strategy would be only the first step in a long journey. Implementation of the strategy would require basic changes in the way in which CARE Indonesia had operated in the past and most of these had yet to be addressed. They also needed to decide how to deal with a variety of issues still unresolved, and respond to a number of questions raised by CARE New York. [For background information and events leading up to the formulation of the new strategy see CARE Indonesia (A).]

THE BANDUNG MEETING: A NEW STRATEGY EMERGES

The one week meeting of the fourteen members of CARE/Indonesia's senior staff held in Bandung in October 1986 focused on development of CARE Indonesia's mission strategy. Jay Jackson, CARE's country director for Indonesia, announced his hope that the meeting would provide the basis for a country strategy that would guide CARE's work for the next five to six years. Senior staff discussed a draft country situation analysis. Then key ideas from the Mataram staff meeting were reviewed, including the matrix that had been worked out there to define existing project activities in terms of four potential longer term program commitments and their relationship to geographical areas. See Figure 1 in CARE Indonesia (A).

Following this review of the Mataram discussions it was concluded that CARE should orient itself around programs rather than projects as the primary focus of management attention, and develop a distinctive mission-wide strategy for each program. Thus, for example, it would develop a mission-wide program strategy for water irrespective of the particular project under which particular water facilities development was being carried out. In each instance the program strategy should be directed to increasing coverage, impact and sustainability.

There was in depth discussion in Bandung of three of the four prospective program themes: rural community water supply, community health, and dry land farming. For lack of time, income generation received only a brief mention. For each of the other three prospective programs, the question was asked whether CARE/Indonesia should

This case was prepared by David C. Korten of the National Association of Schools of Public Affairs and Administration (NASPAA), with the assistance of Andree Iffrig of the Lembaga Studi Pembangunan (LSP). It is a teaching case prepared as a basis for discussion rather than to illustrate either effective or ineffective handling of an administrative situation. February 1988.

be making a long term commitment to that program and, if so, how would CARE contribute to Indonesian development through that program. In each of the three programs examined in depth the staff concluded that a long term program commitment was appropriate.

In each instance CARE staff committed themselves to developing a "third generation" program strategy intended to contribute to development of sustainable systems able to address an important need on a national scale. [See Exhibit B of CARE (A) for a discussion of first, second and third generation program strategies.] CARE's distinctive contribution would come through addressing one or two critical strategic issues that constrained progress toward national goals in each program area. The majority of the discussion of country strategy focused on identifying these strategic issues.

Rural Community Water Supply

It had been concluded in Mataram that with respect to village water development CARE Indonesia's strategy would necessarily involve working with government to help it increase the effectiveness with which it used its own resources for village water development.

In Bandung CARE Indonesia staff reviewed CARE's experience in village water development, and shared their knowledge of relevant government programs, much as presented in CARE Indonesia (A). The discussion came to focus on the reality that government did not have the financial resources to meet more than a small percentage of the need for development of village water systems and furthermore was concentrating available resources on urban areas.

Financing was identified as the critical strategic issue. To address the need for rural water development on a timely basis, it seemed inescapable that system development would have to be done primarily, if not entirely, on a self-financing basis. As it was government practice to completely subsidize system construction, and even CARE was providing 80 to 90% subsidy, developing self-financing approaches would be a substantial departure from existing practice.

It was concluded that CARE could make a truly distinctive contribution to national policy by developing and demonstrating a viable approach to self-financing construction of village water systems. Once developed and proven, CARE's role would be to encourage government and other PVOs to apply it and assist them in developing the capacity to do so.

This decision in turn defined a learning priority for CARE. Although CARE had already achieved both effectiveness and efficiency in other aspects of village water supply, with respect to self-financing it was only at the stage of learning to be effective. [See discussion of program learning stages in CARE Indonesia (A) Exhibit B.] Evidence was put forward both for and against the argument that self-financing was feasible. It was by no means certain that full self-financing was a realistic goal, particularly for poorer communities. It was agreed, however, that CARE/Indonesia should commit itself to seeing how far the concept could be realistically applied.

Several studies were outlined that would document the experience of CARE assisted communities with collection of user fees. They would also document the experience of communities that had developed their own water systems without financial assistance from either government or a PVO.

Efforts would be made in all future CARE village water sites to increase the community contribution, but the CARE office in Pacitan District of East Java would take the lead in experimenting with approaches intended to achieve full self-financing of all direct construction costs. Possibilities of bank financing would be explored.

Community Health

Health was next on the agenda. The mission's health program coordinator, Rick Henning, opened the discussion with a review of experience with CARE/Indonesia's new child survival project. He identified CARE's existing approach as being second generation. A review of health project activities in NTB prior to the Bandung meeting had already focused attention on the fact that operations were being carried out entirely by CARE staff, independently of any organization likely to be around after the completion of the project. No effort had been made to involve government health personnel. CARE had developed all its own systems, including record

keeping, and all records were maintained in CARE offices.

Henning went on to outline a lack of fit between what CARE was doing and the need that existed. The need was on-going and national in scope in a situation in which the necessary institutional capacities were not well developed. CARE was assuming a highly operational role on a localized basis with a short term project commitment that was not directed to building capacities to sustain the effort after CARE's withdrawal.

The project had begun with an assumption that the village health volunteer system being implemented by the government would work and would become self-sustaining following CARE's intervention. CARE's early experience suggested the government's scheme in fact worked poorly. There was no incentive for volunteers to carry out their duties, and they received little if any support from government health facilities. There was no reason to expect the volunteer system that CARE was putting in place would continue functioning after the withdrawal of CARE personnel.

Unless the initial villages were simply to be abandoned, it was not feasible to transfer CARE's existing field workers to new villages as planned. Expansion would have to depend on adding additional field workers at a level of intensity that was not feasible on a sustained basis or a consequential scale. Especially in West Java, CARE's interventions were in widely scattered villages, presenting serious problems for logistics and supervision.

It was concluded that either there should be a long term program commitment with a wholly new approach or the project should be quietly phased out. The new approach might involve fee-for-service arrangements to provide sustainable incentives for the health volunteers to carry out their work. It would almost surely involve working more closely with staff from the government health clinics. It might also include working with the family planning program which had an effective village outreach capability. It would involve greater effort to cluster or concentrate CARE efforts in fewer districts.

Jackson summarized the health program discussion by observing that a strategy must be designed that was not dependent for its sustainability on a heavy input of CARE operational staff. And it should assume a CARE commitment of a minimum of six years. If its involvement were to be justified at all, CARE would need to think and plan on a long term basis even though project funding came only in three year cycles. Instead of responding to the availability of project funding, CARE/Indonesia would first make the plan and then go out and find the required funding.

In this instance the senior staff agreed that the critical strategic issue was how to develop a community based health system that would be self-sustaining after CARE's withdrawal from a given locality. As in water, CARE had yet to learn to be effective in addressing the critical program issue. It was agreed that CARE/Indonesia should make a long term commitment in health.

Dry Land Farming

Brian Peniston, chief CARE representative for NTB, summarized the history of CARE's dry land farming activity as described in CARE Indonesia A. He focused the group's attention on two issues.

First was the serious setback imposed by the infestation of jumping plant lice. Peniston observed that at the time of the infestation CARE had nearly reached the top of the effectiveness curve with respect to the technology (though not with respect to extension approaches), but had now dropped back to very near the beginning of the effectiveness curve on the technology. Trials to develop terracing technologies based on diversified species were underway.

Second was the need for extension methods that relied less directly on CARE staff. The CARE staff in NTB saw substantial merit in techniques being developed by World Neighbors to teach farmers how to do their own cropping trials and communicate the lessons among themselves. It was decided that CARE's primary role should be to establish the base demonstration site. CARE extension efforts should be carried out through farmer leaders, who would link clusters of villages into a self-managing farmer network within which the farmers would test new ideas and share results.

Jackson confirmed CARE's long term commitment to dry land agriculture and noted that the immediate priority must be to achieve effectiveness with respect to the technology. Once that were accomplished, attention would be directed

to achieving effectiveness in the approaches used to extend the technology from the demonstration site outward through a self managing system of lateral farmer to farmer, village to village transfer. CARE staff further decided that once a functioning model was established, CARE would disseminate the technologies and extension methods to other PVOs such as Catholic Relief Services, or local institutions like the *pesantrans* [traditional locally managed Islamic boarding schools] that were in a position to establish demonstration sites in other locations throughout the province. CARE would work with these groups, much as World Neighbors had worked with CARE. But it was also agreed that such dissemination represented a third stage in the program strategy that should be held in abeyance until the technical problem was under control and further progress made toward development of an appropriate extension approach.

Lead Provinces

In reviewing responsibilities for leadership in advancing CARE learning on the key strategic issue identified for each program area, it was agreed that for each program there should be a lead province.

It was concluded that East Java would take the lead in developing viable approaches to self-financing in development of village water systems. West Java would take the lead in developing a sustainable approach to community based primary health care. And NTB would retain the lead in dry land farming, with the immediate priority being to work with farmer leaders and on trials to prove a new mix of technologies based on species diversity.

The lead province would concentrate its resources and attention on achieving the necessary break through in its designated program and then share the results with the other CARE provincial offices.

Unresolved Issues

Several issues were raised that were not finally resolved in the meeting. The conference time allocated for dealing with mission strategy ran out before there was an opportunity for an in depth discussion of the income generating program theme. There was some feeling that income generation was important and CARE should be addressing it, but no specifics were defined. It was left simply that Sulawesi would have the lead role on this theme.

Another unresolved question was whether CARE/Indonesia should move ahead to act on existing commitments to extend the coverage of its health project in NTB and to introduce it into East Java. A similar question was raised regarding whether to proceed with extension of the dry lands farming project into East Java. Given the conclusions of the discussions regarding these two programs it seemed that the planned expansion of coverage of both these projects might be premature. On the other hand commitments had been made to donors and to local governments. In some instances new staff had already been hired for these activities.

A similar question was raised with regard to plans for a new project in Nias. An island located off the Southwestern coast of Sumatra, Nias was some 1,000 miles to the Northwest of Jakarta and would engage CARE in an entirely new region of the country. It was a relatively remote and inaccessible location with little institutional infrastructure. The project plan called for a multi-sectoral community development approach that did not fit neatly within the identified programs. A commitment to work in Nias had been made both to the Ministry of Home Affairs and to the provincial and district governments.

In each instance CARE staff realized they faced a difficult choice. Should priority be given to maintaining the integrity of a well focused strategy? Or to honoring commitments already made, and thereby protecting important relationships. The choice was left unresolved in Bandung.

There was also discussion of how CARE Indonesia should act on its new commitment to work more closely with indigenous PVOs in light of the emerging strategy. Several possibilities were proposed. David Greeley, chief representative of the West Java office, argued that CARE should be identifying promising small indigenous PVOs (IPVOs) and providing them with funds that would allow them to pay their staff and develop into professional organizations. Others argued that assistance to IPVOs was not something CARE should be doing for its own sake, but only

as part of its strategy to increase coverage, impact, and sustainability within its defined programs.

MULTI-YEAR PLAN PART II

CARE Indonesia was due to present its new Multi-Year Plan (MYP) for Indonesia in December 1986. The mission staff was particularly concerned that Part II of the MYP, which presented the "Program Strategy and Focus," reflect the conclusions of the Bandung meeting. This would be their first opportunity to present to CARE headquarters, the new strategy to which they were committing themselves. They felt it broke new ground for CARE consistent with guidance they were receiving from CARE headquarters.

As the critical strategy statement presented in Part II would be imbedded in the much longer MYP document and might otherwise not receive the attention it deserved, Jackson took the unusual step of sending a draft of Part II to Ottawa and New York in late November requesting a separate preliminary review and feedback. It was hoped that the strategy would thus receive a serious reading. This preliminary submission would also provide an opportunity for dissenting views to be raised prior to finalizing the more formal document. A prompt reply was received from CARE New York. [See inset.]

The "Program Strategy and Focus" section of MYP Part II is excerpted in Exhibit A as it was submitted to Ottawa and New York with Jackson's request for a preliminary review.

December 9, 1986

Justin Jackston
Country Director
CARE Indonesia

Dear Jay:

We appreciated your prompt submission of a substantial, productive MYP II draft. The changes suggested below are for refinement of a strategy that augurs well for a more effective, efficient CARE-Indonesia. You and your staff deserve much credit for this effort.

We're especially pleased with the three major program foci of health, water, and dry land farming. Plus, it makes eminent sense to commit the Mission to area-centered pilot activities and to work with the GOI and IPVOs. We're quite comfortable with your refined health focus, as well as with the need to develop self-financing water programs.

We see a number of questions to address in your final draft:

- Don't you feel income generation is stronger as a component to the other three program foci, as it still looks like it's in an "experimental" stage? Isn't it an awful lot to plan to expand and influence GOI policy and grow qualitatively and quantitatively as well as take on catalytic and operational roles? We know CARE-Indonesia is a good, solid operation, but those combinations add up to a staggering amount. Aside from the present financial limits to expansion, we'd be quite satisfied here with the catalytic/qualitative components of the MYP II. If you do consider geographic expansion how about looking toward the Eastern part of the country.
- How will CARE-Indonesia facilitate greater community participation/management, village-to-village dissemination, and IPVO collaboration? What training will be necessary to achieve that? How will the Mission organize its own learning process? A sense of what you are thinking and planning at even this early stage would be very useful for us all. Won't project/program monitoring systems need to be refined for qualitative activities/objectives?

We're looking forward to the final draft. The last version was quite stimulating. Keep up the good work.

Sincerely,

Thomas Drahman
Regional Manager for Asia
CARE New York

MYP Part II
Program Strategy and Focus

Excerpted from November 18, 1986 Draft

Introduction

Based on its assessment of Indonesian needs, CARE Indonesia is undertaking the selective expansion of its program commitments in Indonesia. At the same time it is undertaking a reorientation of its basic programming strategy which over time will reduce its direct village level operational involvements and increase its catalytic role. It is intended that CARE's catalytic role will strengthen the policy and institutional setting in Indonesia for local resource control and development initiatives.

The Mission's new strategy concentrates on four program areas: rural community water supply, community health, dry land agriculture and income generation; and in seven geographical areas: South Sulawesi, Central Sulawesi, Southeast Sulawesi, NTB, Pacitan district of East Java, West Java, and Nias district of North Sumatra. CARE is committed to develop a distinctive competence and role in each of the four program areas. Each program will seek major policy and institutional impact within its sector.

Specific strategies have been developed for each program area distinctive to their technical, social, and institutional imperatives. While each program will contribute to outcomes which are national in scope, direct CARE operational involvements will, for the foreseeable future, be concentrated in the six provinces in which it has established on-going commitments. In addition, it will honor existing commitments to undertake modest activities in Nias district of North Sumatra.

It should be noted that CARE Indonesia is defining its strategy in terms of programs not projects. This facilitates planning beyond existing project completion dates and sites to take a larger view of development requirements and potentials within the selected sectors. It also encourages a strengthening of technical collaboration among CARE staff working on related problems. A given program may be supported by more than one project. For example, rural community water supply is supported by both the WASHES Project and by the Sulawesi Rural Community Development Project. Conversely, a single project may embrace more than one program, as does the Sulawesi Project.

Several principles underlie each of the four program strategies. The Mission is committed to increasing coverage and impact, sustainability, and local control of its programs. This requires that substantial attention be given to leaving in place, at the local level, self-sustaining community controlled resource management systems in each sector. Increased local self-financing is seen to be a logical objective.

Applying the concept of clustering, CARE will move toward greater concentration of its activities in selected districts to stimulate a critical mass of development action. Such district-based clustering can serve as demonstration sites to stimulate replication by surrounding districts. Explicit attention will be given to stimulating and facilitating lateral, people-to-people, village-to village dissemination processes in each program to minimize the need for costly, intensive village level extension outreach.

Increased participation will be achieved through: (1) increasing people's control over and ability to manage local resources; and (2) enhancing the community's role in sharing its own experiences and accomplishments directly with other communities.

Increasingly, CARE's local involvement will be based on working with and through local government organizations, Indonesian PVOs, and other local institutions in order to strengthen local capacities and avoid dependency on CARE's direct involvement.

While CARE has considerable experience in most of the selected program sectors, its new strategy requires new learning. Recognizing this, the Mission's program strategies reflect its own learning agenda. Each program gives careful attention to assessing its own development progress against three phases of program learning curves: 1) learning to be effective; 2) learning to be efficient; and 3) learning to expand.

Each program area will give attention to local resource mobilization and income generation activities which are related to its primary concerns. For example, rural community water supply generates modest employment opportunities for operating and maintenance functions, and could facilitate the development of small PVOs and small contractors engaged in assisting with water system development and maintenance on a fee-for-service-basis. Community health activities could strengthen the skills and capacities of paramedical fee-for-service practitioners. Dry land agriculture is directed to agricultural intensification to increase labor absorption and the incomes of small farmer families. With time, attention may be given to the processing and marketing of the outputs of these intensified cropping systems.

STRATEGIES OF THE FOUR PRIMARY PROGRAMS

Specific application of these programming principles, distinctive to the program strategies of each of the four program areas, is outlined below. This should not be viewed as a blue print, but rather as the focus of CARE's programming approach in Indonesia for the next several years.

Rural Community Water Supply

Village water supply has been the cornerstone of CARE's involvement in rural development in Indonesia for the past eight years. Rural community water supply serves as the foundation of programming in each of the six provinces in which CARE is presently working. Water continues to be a priority need throughout the rural areas of Indonesia. It is basic to improved health, local income generation, and the liberation of women who devote a major portion of their lives to carrying water. CARE Indonesia is proud of its record in water and of the considerable expertise it has developed.

A key element in CARE's approach has been the commitment to developing community associations to operate and maintain the installed systems. At the same time, the Mission recognizes that its own resources are wholly insufficient to make an impact commensurate with Indonesia's needs. CARE's own resource commitment to development of rural water systems is approximately five percent of Indonesia's total resource commitments to this sector of approximately US$ 32 million annually.

These commitments of the GOI and international donors to rural water supply development do not begin to meet the need. Even if GOI targets are achieved by 1990, 40% of the rural population will remain without access to safe water. The situation is made even more desperate, given the fiscal crisis facing the GOI, since current funding levels are expected to decline.

It is evident to the Mission that existing needs can only be met through a substantial increase in community self-financing, supported by changes in GOI policies relating to water development and programming. Consequently, CARE Indonesia is committing itself to a new strategy which is intended to significantly broaden program impact.

To date, assistance to rural communities in developing water supplies has been almost fully subsidized, whether by government or by private agencies such as CARE. Community financing has been limited to some labor and local materials and to supporting operation and maintenance expenses through user fees.

CARE staff see evidence of the potential for fuller self-financing for water system development. And since funding availability is clearly one

of the major constraints, CARE now believes that self-financing is the key to rapid and significant rural water program expansion. A major existing constraint to expansion will be removed if self-financing approaches can be developed and demonstrated to be feasible. A basis can be established for local PVOs, local government, and even independent for-profit contractors to exercise their initiative in assisting communities with development of their own systems.

Consequently, the development of self-financing approaches is to be the centerpiece of CARE's new strategy for rural community water supply in Indonesia. Once feasible models are developed and proven, CARE will devote its attention to assisting appropriate organizations, both public and private, in developing capacities to support and expand such activities.

Development of workable approaches to achieve maximum levels of community self-financing is the immediate priority for advancing this strategy. All CARE Indonesia field offices are committed to experimenting with ways to increase the self-financing component of future water systems and to more effectively use experienced villages as sources of technical support and training sites for other villages. All field offices will participate in a mission-wide sample survey of previous CARE water projects to document experience with the collection and uses of water-user fees, and to assess the current status of the system's operation and maintenance.

The long term goal is to establish self-financing, district based, support systems for water development and maintenance.

It is anticipated that these may involve a combination of community associations, local governments, local PVOs, private contractors, and local banks. Financing mechanisms may involve a combination of village savings programs, local subscription fees, and bank financing repaid through user fees. Materials might be purchased through private suppliers with local PVOs contracting to provide technical assistance. Local government might assist with water resource planning and arbitration of water rights.

The lead in piloting the development of such a district-based system will be taken by CARE's field office in Pacitan, East Java. CARE will, in its own programs there, move to provide assistance for water development only on a wholly or predominantly self-financing basis to test the viability of the concept, working out viable approaches appropriate to local circumstances.

The CARE representative for East Java has already organized a Working Group of local officials to collaborate on a variety of development activities of mutual interest. Members of this Working Group will be invited to work with CARE to create a comprehensive district program for development of rural community water supply. Illustrative activities might include the following: An Indonesian PVO such as Bina Swadaya, LP3ES, or Dian Desa might be invited to collaborate in a survey which documents water resources and needs, willingness of community groups to contribute financially, and institutional resources available to support the development of water resources. The results of this survey would be used as input for the district Working Group's assessment of alternative approaches to meet the rural community water supply needs by utilizing available resources. Selected villages might be encouraged to develop a variety of self-financing schemes. Participating government agencies might then provide selective support for these self-managing community initiatives. Collaboration of local PVOs, where appropriate, could be sought in supporting the social preparation of the villagers.

As progress is made in testing the limits of self-financing potential and approaches to working in a collaborative mode on development of district based support systems, CARE's activities in water will increasingly be directed to the development of such district systems. Subsequently, it will enlist other collaborators in this undertaking within the government and the Indonesian PVO community. At an appropriate point, CARE may take the lead in forming a National Working Group on water development to support broader experimentation and to disseminate lessons learned from its new water program strategy to districts throughout Indonesia.

Community Health

CARE Indonesia's involvement in community health addresses a two fold need: first to strengthen the capacity of the community to improve its health practices and conditions; and

second to increase its ability to access public health facilities in meeting those needs which cannot be met with its own resources. CARE's involvement in the community health area is little more than a year old (although CARE's water programs have had a water-related health component for a number of years), supported by an AID Child Survival effort.

In response to AID guidelines, which stress immediate short term results, CARE's response to date has been highly operational, involving extensive use of CARE field staff in organizing and training village health cadres to promote and support health care activities. The original design called for CARE staff to work in each village for one year and then move to new villages. The underlying assumption was that once activated, the village cadres would remain active and effective adjuncts of the public health program, with periodic support from the local public health center.

It has become evident, however, that the cadres require substantially more support than originally anticipated and that the local health centers are neither equipped nor motivated to provide it. Consequently, it is unlikely that improvements at the village level, achieved through the present model of CARE intervention, will be sustained beyond withdrawal of CARE's field staff. Furthermore, CARE involvement in 48 villages as originally planned would only have a short-term beneficial effect in these communities, but on the whole would be inconsequential to the national needs. It now appears that even this level of coverage is unrealistic with the resources available. The need is greater and the problem is more complex than originally anticipated.

An assessment of these issues by CARE Indonesia's senior staff has led to the conclusion that CARE's involvement in the health sector cannot be approached as a three-year project commitment. Consequently, the Mission is proposing a strategy in community health that presumes a program commitment of long term duration. To learn of effective ways of working with communities in health development, senior members of CARE's community health staff will conduct a review of the experiences of other PVO and government community health programs. This will include visits to Banjarnegara District in Central Java where the original prototype for the GOI community health program was developed through the efforts of several Indonesian PVOs. Contacts will also be made at the national level with the Ministry of Health to determine how CARE could be effective in using its prospective field laboratories to assist the government in developing an effective community health program.

CARE Indonesia's community health activities are currently concentrated in West Java and NTB and in water-related health activities undertaken in Sulawesi, with a commitment for immediate expansion into East Java. Prudent use of resources would dictate a moratorium on any expansion of the program until a prototype for a more suitable sustainable approach is developed. This situation is now under review to determine whether expansion can be responsibly delayed without an abrogation of the existing project agreement.

It is presently anticipated that West Java will take the lead in prototype development for the health program. CARE staff there will seek to identify one or two districts where officials have a strong interest in collaborating on the development of a comprehensive district community health system. These districts will serve as the lead pilots for developing an effective approach which can be sustained by local institutions. Various approaches to increasing the sustainability of community-managed health activities through use of fee-for-service and local health insurance schemes will be tested. A review of existing district level organizations and village outreach programs will be conducted to determine the most appropriate sources which can be used to sustain community level health cadre and health committees. In these pilot areas every effort will be made to limit direct CARE involvement at the village level, working instead to mobilize district personnel who can provide sustained support after CARE's departure.

CARE will explore a possible collaboration in this undertaking with a leading Indonesian PVO in the health sector, YIS. As satisfactory approaches to creating self-sustaining, district-level, community-based health systems are developed, a strategy will be worked out jointly among CARE, the Ministry of Health and other Indonesian col-

laborators for supporting gradual expansion into other districts.

Dry Land Farming

The priority issue in this program presently is to diversify the species used to support the development of soil and water conservation to eliminate the dependence on leucaena. CARE staff in NTB are now testing alternative plant and tree species to determine which are suitable to each of a number of climatic and soil conditions. Completion of this testing is the current priority of this program.

Until this is completed no expansion of the program within NTB or other provinces is contemplated. The Dry Land Farming Systems technology involves no cash investment beyond the purchase of initial seeds and farmers have been trained in producing their own seeds for personal use and for sbaring with other farmers. The low start up and maintenance costs all but eliminate entry barriers. The impressive demonstration effect builds strong motivation for farmer participation. These two factors combined make the technology a natural for self-sustaining lateral replication through dissemination from farmer-to-farmer without the need for an elaborate formal extension structure.

The original concept for replication of the project was based on first establishing ingingingexperimental sites on Lombok and Sumbawa and proving the leucaena-based soil conservation technology. Once proven, CARE would hire its own staff of extension agents to extend its application to local farmers in other areas.

This plan has since been reassessed and modified leading to a new expansion strategy which will stress direct farmer-led dissemination from village-to-village. A small CARE staff working out of the base experimental/demonstration site will bring farmers from strategically located surrounding villages to observe and study at the base site. Those farmers will be encouraged and assisted in developing their own demonstration/-training sites from which they will train farmers in their own villages as well as farmer leaders from surrounding villages.

CARE will give serious attention to developing an extension strategy which requires minimum support from outside agents. The modified expansion strategy will be tested to determine its feasibility before general introduction. The proven strategy will be introduced only after the issues of mono-culture diversification have been resolved.

Requests are already being received from a variety of other private groups for training in the technologies and appropriate dissemination strategies. Cultivating and responding to such requests will serve as the basis for the broader dissemination strategy, once the diversification issue has been fully addressed. Those groups with the necessary qualifications to establish and support local demonstration/training sites will be provided with training, technical support and initial supplies of seed by CARE staff working out of the base site in Sumbawa or Lombok. Each of these collaborating organizations will be encouraged and assisted in developing a similar system of farmer-based technology dissemination networks. In this effort, CARE will be assuming the same role with these organizations which World Neighbors served in relation to CARE.

As CARE Indonesia becomes proficient in the new diversified variety technologies and in supporting a farmer-based approach to extension, it will establish a similar base experimental/demonstration site, strategically located in other provinces to serve a function identical to that of the Sumbawa/Lombok site. It is expected that within five to six years this should result in the creation of a highly cost-effective outreach program which would be able to disseminate the technologies to those farmers who could benefit from them.

Income Generation

Increasing income generating opportunities for the poor is one of the priority needs of Indonesia's development. Each of the three primary program areas will make its contribution to the creation of income generating opportunities as outlined above. In addition, the Mission is considering the possibility of an additional program commitment dealing more broadly with the development of agro-based, micro-industry activities. CARE Sulawesi has taken the lead in this exploration and will continue to spearhead the search for an appropriate and effective CARE role in income generation.

The CARE Sulawesi staff has been instrumental in forming a Working Group of interested government officials which is identifying income generating needs and opportunities in agriculture and agricultural processing industries. The most advanced project activity to date is in garlic production, which the Ministry of Agriculture is supporting with an agricultural extension agent and credits. These activities are, at the moment, considered highly exploratory. Progress will be assessed at regular intervals to determine whether further commitments are in order. If so, attention will be given to formulating a more fully articulated strategy based on the same principles applied in each of the other three program areas.

Assessing Progress One Year After Bandung

In late October 1987, CARE Indonesia held a senior staff retreat in Ciloto, a hillside resort outside of Jakarta It was the first such meeting since the Bandung retreat in October 1986, and 23 CARE staff participated. Because of the effort to include more staff at program levels, nearly half had not been present in Bandung. A great deal of experience had been generated during the year with the implementation of CARE Indonesia's new strategy. Jay Jackson, CARE Indonesia's country director, was reviewing the implications as a basis for setting mission priorities for the coming year.

ACCOMPLISHMENTS

The new strategy outlined at the Bandung retreat had been approved by CARE headquarters, and it was evident from the discussions that implementation was well along.

In CARE's village water projects, villages were now routinely being asked to contribute 50% of system construction costs--with substantial success. East Java had three villages that were asking CARE to provide only technical assistance and a local banker had agreed to experiment with loan financing of community water systems. One loan had already been approved and two others were pending. The budgetary consequences of the reduced subsidies were being felt as the mission found it had been able to absorb a number of budget cuts without decreasing the number of systems assisted. In fact there were prospects of assisting even more communities than originally targeted.

A new proposal had been favorably received by USAID Indonesia calling for the monetization of commodities to establish an endowment fund that ultimately would be used to finance an independent Indonesian foundation that would provide technical assistance to local government and NGOs in support of community water development in perpetuity.

The government was showing considerable interest in CARE's experiment. In a national workshop on village water development the deputy chairman of Indonesia's national planning board had commented that CARE's self-financing approach was five years ahead of the government's.

CARE's approach to child survival of the previous year had been completely reoriented. Considerable progress had been made in developing closer relationships with government officials and project operations had been restructured to support the government's health program, with a specific focus on improving the performance of the government's village based primary health care program known as the *posyandu*. Training was being provided to health service personnel, other government workers, and villagers in pilot districts. An evaluation officer had been hired and the flow of evaluation data had been substantially improved.

In dry land farming, progress had been made in proving new diversified hedge row species to replace the diseased leucaena. Increased emphasis was being placed on the use of farmer

This case was prepared by David C. Korten of the National Association of Schools of Public Affairs and Administration (NASPAA) as a basis for discussion rather than to illustrate either effective or ineffective handling of an administrative situation. February 1988.

leaders to extend the technologies, both to their neighbors and to new villages. Special training was being provided to the farmer leaders already involved in the project to build their capacity to perform this role once the on going trials produced a suitable diversified cropping technology to replace the leucaena.

It was also evident, however, that there was still work to be done in ensuring that all CARE staff understood and accepted the principles underlying the new strategy. Over the past year a considerable amount of staff time had been devoted to defining the new strategy, communicating it to CARE Ottawa and CARE New York as well as to counterparts in central and provincial governments, developing new funding proposals consistent with the new concepts, and explaining these proposals to donors and to government.

THE CILOTO SENIOR STAFF RETREAT

One session of the Ciloto retreat was set aside as a time to encourage staff to bring up problems they had encountered over the past year and to express any reservations they might have about the strategy. The responses revealed a wide range of views. Several of those who had not attended the Bandung meeting expressed reservations, sometimes revealing incomplete understanding or in some individual cases reservations on basic principles. One field reprsentative who had attended the Bandung meeting was outspoken in expressing ethical reservations about encouraging village organizations to take on bank loans to finance their irrigation systems.

Another field representative, however, stressed the progress of his staff in implementing the self-financing concept, suggesting that the key was believing in the concept, trying hard, and working to win acceptance on the part of government. On balance, most participants were highly enthusiastic about the new strategy.

The following are a sample of the concerns expressed by some of the participants.

- Though I was not at the Bandung meeting, I have heard about many of the ideas discussed there and I'm not comfortable with some of these things. For example, we are trying to convince the government in West Java to let us cluster our activities in one or two districts. But it is very difficult to pull out of districts where we have already established a presence and created expectations.

- For me the use of bank financing raises ethical issues about CARE's role as a development agency. We are encouraging the communities to become dependent on an agency we cannot control. If we press the villagers to put up their land as collateral and they cannot pay we may be responsible for them losing it. I don't have problems using loans for income generating activities. I would be more comfortable if we had an income generating lead in. Let the people take a loan for an income generating activity. Then when they have saved enough they can use the proceeds to finance construction of their water system.

- It seems we are not applying the same standard to everyone. We expect some communities to pay 30 or 50 percent while we seem to insist that others pay 100 percent. I suggest we need to require the same for everyone. At the same time we need to accept that it will take the poor communities longer to raise their contribution.

- One implication of the self-financing is that the preparation of the community takes a lot longer than when you are offering a subsidy. This presents problems in relation to the budget cycle. We have funds available in a given year for a given number of systems. We cannot get the preparation and the construction both done in the same fiscal year. That means we are going to have money left over at the end of the year. We may find we have to give it back to the government. Or to CARE for that matter.

- To meet the need for extra time we need to develop a "bank" of sites in advance of the fiscal year. But I don't have staff budgeted to do that in my province.

- We depend on local governments for approximately 40% of the funding for the

material cost of the water project. As we increase the community contribution what will happen to the government funding? I doubt they will fund us to influence their policies. Will we simply lose that contribution?

Jackson took note that these concerns would need to be addressed.

SELF-FINANCING WATER SUPPLY: EXPERIENCE IN PACITAN

The CARE regional office in Pacitan District of East Java had been asked in Bandung to take the lead in experimenting with self-financing approaches to village water supply. This office had an effective working relationship with the development minded local government in Pacitan, and its activities were concentrated in this one district--thus enhancing the demonstration effect. This concentration contrasted, for example, with West Java where CARE projects were scattered over six districts in different parts of the province. While other provinces were expected to increase community contributions to a target of 50% self-financing--East Java was expected to achieve 100% self-financing on at least some of its systems and to experiment with using bank credit.

Pacitan was a relatively poor district on the Southern coast of Java with 164 villages and a population of 503,000. Though it bordered on the sea, most of its area was hilly uplands marked by irregular and often steeply sloped hillsides. Water was commonly a problem for the people. In November 1987 it was unusually critical due to a long drought. With no rainfall for nearly ten months many natural water sources had gone dry and people were walking long distances to obtain water for household use. Many farmers had not been able to plant their crops that year and had gone off in search of work elsewhere to earn enough money to sustain their families until they could again return and tend their fields.

The density of the population in Pacitan, had forced people into cultivating even the steepest slopes of the local hillsides, often up to their very peak. Lands were being cultivated that were so steep that simply climbing them looked like a difficult challenge. Most of the cultivated lands were terraced, though in November 1987 due to the drought, these lands often looked abandoned, barren and eroded, with the terraces in poor repair.

Nur A Fazrie, the chief representative for CARE in East Java, had been unable to attend key sessions of the Bandung retreat, but was enthusiastic about the self-financing concept and pursued it aggressively. Fazrie was a young, energetic and highly personable Indonesian national who had once worked for a directorate general in the Ministry of Home Affairs to which all the local governments in Indonesia reported. Since his CARE assignment to Pacitan he had developed close social and professional relations with the district head and most other government officials in Pacitan, including the police and military commanders and the head of the local bank. He had also developed close working relations with key officials at the provincial level.

Self-Financing

After being informed of East Java's lead role in testing the self-financing concept Fazrie discussed the idea with the district officials and obtained their approval to give it a try. He also explained that while the subsidy for materials would be decreased by community contributions, CARE's operating expenses for preparation were likely to increase per individual system due to the time required to promote the self-financing concept within the community. The provincial government, which had been increasing its contributions to the CARE project each year, agreed to consider the idea of allowing CARE to use provincial funds to cover part of its operating costs as the self-financing idea was implemented.

Fazrie also discussed the self-financing concept with the manager of the local branch of the Indonesian People's Bank (BRI), a government bank that provided rural credit. The bank had never provided financing for a village water system before, but the manager was interested so long as the bank's requirement for collateral could be met. Someone in the community would have to pledge their land as a guarantee.

The bank manager noted that generally the bank's experience with repayment of loans in Pacitan had been excellent. The people were dis-

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ciplined, hard working, and responsible. Also his bank took in substantially more funds from the savings deposited by local residents than it gave out in loans and the extra funds currently were being channeled elsewhere for investment. The bank's policy was to try to increase its local lending to keep these funds working in the community from which they had been generated.

Under its rural credit program, the bank offered two and three year loans for income generating activities. Three year loans were normally for larger projects. Interest was calculated by multiplying 18 percent times the number of years of the loan times the principle. The result was added to the principle and then divided by the total number of months to obtain the monthly payments. Thus on a two year loan of Rp. 1,000,000 the interest was .18 x 2 x 1,000,000 = 360,000. Monthly Payments were 1,360,000/24 = Rp. 56,667. [The effective rate of interest was 31.5% on a two year loan.]

Based on its historical costs per family served, CARE estimated the cost of repaying a loan on this basis would be less than Rp. 3,000 per month per family, which was considered to be within the capacity of most village families.

With the assistance of the local BRI bank manager, Fazrie held orientation sessions for his field staff on the self-financing concept and discussed with them various ways to approach it. In the orientation sessions, it was explained that communities wanting a water system had two basic alternatives. One was to start preparing several years in advance so they could raise the funds and accumulate them in a savings account. The other was to take a bank loan. As the CARE staff began encouraging village water associations to deposit their collections with the BRI, this further encouraged the bank manager to continue cooperating with the communities on water development.

The field officers began approaching communities, telling them that because CARE had less funds available it was necessary for them to increase their contribution in order to get the project. CARE staff were able to get some communities to agree to contributions in the range of 40 to 50 percent. Poorer communities said that if it was necessary for them to increase their contribution they would need to postpone construction until they could get the money. Several villages declined the suggestion of taking a bank loan, noting the complications of making an application and the risk of losing their lands if there were a bad harvest.

Some of the field officers became quite discouraged and said they couldn't work on this basis. Further discussion led to a decision to concentrate on the remaining unserved hamlets [sub-divisions of the village] in villages where CARE had already constructed water systems. Residents in these hamlets could see clearly the benefits available. Six hamlets were found in three villages that were willing to take loans and develop village water systems on a fully self-financing basis.

By August, two hamlet groups were talking to the bank. In late September one submitted an application and obtained a two year loan. As of November the other two hamlets were still working on arrangements for the collateral, but Fazrie was hopeful that construction could start on these in December or January. East Java's target for that year had been to do one system on a wholly self financing basis.

Construction was scheduled to begin on six other systems the end of November that would be approximately 50% self-financed.

Influence on Provincial Policy

In early 1987 Fazrie had sent a report to the head of the provincial development planning office describing CARE's success with obtaining village participation in the development of water systems. This stimulated a decision by provincial officials to visit Pacitan to see CARE's work. They observed three CARE assisted systems in May of 1987.

The officials questioned community leaders as to why they were willing to contribute to the construction of the systems, collect water fees, and volunteer their own time for operation and maintenance. The people explained that government systems were constructed by contractors who never asked for the community's cooperation or explained to them what was happening or when the system would be completed. They also said that they saw that government funded systems in neighboring villages were not working. The officials visited four of these systems. Of the four systems, one was functioning, but provided water only during the rainy season.

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A meeting was called by the provincial planning office in Surabaya, the capital of East Java province. The vice chairman of the provincial planning board urged the provincial public works service and CARE to get together to develop a social preparation component for village water development in the province.

Public works then suggested that CARE undertake the social preparation for the government's water projects. CARE had responded that this would be difficult, because the government works through contractors and provides everything for the water system, leaving no real place for participation. Also it would put CARE staff in the awkward position of working in some communities where everything is to be provided and in others where the community would be expected to cover most if not all costs. CARE offered to assign its own staff to prepare government staff to do the social preparation or to prepare contractors to do it. Any one of these approaches would need to be planned and budgeted.

Subsequently the provincial service officers for public works proposed work on 12 village systems in East Java, a province of 32 districts and some 35 million people. Only two were approved by the provincial planning office on the ground that adequate provision for social preparation was not incorporated into the plan.

During this same period CARE was approached by officials from the Pacitan district health services office. They had a project to install hand pumps in designated villages and had in inventory twelve hand pumps, along with the pipes and well casings necessary to install them--all purchased during the previous fiscal year. Their current budget included no funds to cover the drilling and installation costs. These normally ranged from 150,000 to 250,000 Rupiah per pump. [1,650 Rupiah = US$1.00] Could CARE finance the installation? CARE declined on the grounds that the installation had not been planned and budgeted.

Fazrie proposed instead that the health service staff talk to the communities and see whether or not they would be willing to pay for the installation. After resolving a variety of bureaucratic barriers, it was finally agreed to offer the pumps to two villages in one sub-district on the condition that the villagers pay the installation costs. One pump normally served ten to twenty five households.

CARE workers were assigned along with government health staff from the sub-district level to convince these villages of the advantages of accepting the offer and to work out the arrangements with them. In the end CARE staff did most of the preparatory work and the costs were shared between CARE and the communities. CARE costs averaged Rp. 10,000 per pump while community contributions ranged from Rp. 100,000 to 150,000.

Discussion with Fazrie

Case Writer (CW): When you worked with the district health office on installing their pumps why did you decide to do it with your own people rather than insisting that it be done by the health service staff?

Fazrie: There is one staff person assigned to the government's Primary Health Center who is responsible for village water supplies, among other things. When ever possible we tried to involve him. But he is responsible for 10 to 20 villages and has a regular schedule of visits he must make with other health center staff. He has monitoring forms to fill out and village meetings to attend. Also he does not have any transportation of his own. So he cannot go out on his own to work for several days at a time in a single village as our workers do.

It is possible that next year we may be working through the provincial level and will be able to work out the necessary changes with them that will allow their people to do the preparatory work. If the pump project is successful we will be able to use it as a demonstration.

CW: This seems to have been a very important thing to do given CARE's new strategy. But these were not actually your systems. Did you have time programmed in your work plan for them?

Fazrie: This is a problem. My budgets are all set up in terms of the number of systems I am sup-

posed to construct and I am supposed to report my accomplishments in these same terms. When I do things like this I simply have to take my people off of other activities and run the risk of not meeting my own targets.

What we have happening as CARE's role changes is that we are spending more of our time on things like inventorying sites and water sources, orienting our own staff, preparing the materials to be used in explaining self-financing to the community, preparing communities, working with government to review policies, negotiating with the bank, assisting government with their schemes, training government personnel, etc. But I am still held accountable for the number of systems I construct, not the number of systems done by public works or health, and the number for which I am responsible goes up each year.

I feel this focus on numbers has created problems. If we simply go out and tell the community they will have to pay 50% of the cost this immediately creates resistance. It is better if we don't mention a figure. Just say that our funds are limited and it will be necessary for the community to make a contribution. Then we sit down and work through item by item what they can provide. You need so much rock. Can you provide that? So much sand. So much labor. Can you provide it? So many bags of cement. How many can each household provide? And so on. So we get an agreement on exactly what the community will provide.

When we approach it that way, rather than by the financial numbers, we find the communities are quite receptive. Except for the special problem this year due to the drought, most villages are willing to cover 50%. In fact we find that by being vague on what CARE will provide in the end we can get them to provide more than 50%. For example, we may get to the end of the construction and say Oh. We will need fixtures such as faucets to complete the system. How will we buy those? And eventually each household comes up with a contribution.

Our problem is not really unwillingness of the community to pay. More difficult is the fact that to work in this way with communities CARE needs better qualified staff than were required to work with a community simply to construct a grant funded system.

Now I need people who can talk to government and who have the curiosity to ask why things are done a particular way and come up with new idea. Either we need to hire new people, or else we need a serious investment in developing our present people. We don't do much development of our own staff. My preference is to focus on development of our present staff. There really isn't much choice as the kind of people we need are not available off the street.

CARE should have a structured training in which the new concepts are explained, including how to implement them. I missed most of the Bandung meeting and didn't get the minutes until April. So I was moving ahead the best I could based on things I had picked up. Rick came out to work with us on health. Iskandar came out briefly on another matter. That's been it. The Ciloto retreat was my first opportunity to find out how others are dealing with self-financing and what is expected.

In our own office we have three projects. The staff for each project meet together monthly. Most times I join these meetings. I have a meeting once each month with everyone. The last time I met with the water group we talked about developing a "bank" of sites for future development, and about how much we have achieved in terms of community contribution, etc. When I told them about the Ciloto meeting and the growing commitment to self-financing they just stared at me with worried looks. They are afraid that if the communities can build their own systems they will lose their jobs. Of six project staff [one supervisor and five field officers] working in water one is really committed and another is trying. The others just complain about how poor the communities are and how difficult it is.

CW: Do you expect you will be able to make more use of demonstration effects so that one village can not only be motivated by another, but also learn from another so that the preparation time and the demands on your staff are eventually reduced?

Fazrie: That should work on the social preparation side. On the technical side it is a different matter. The gravity fed and piped systems need more technical supervision of the design. More is involved than simply imitating what another village does.

CW: You seem to be making progress on arranging bank financing. What is the risk that the bank might reposes the land put up as collateral if some condition like the current drought makes it impossible for the people to make their payments on time?

Fazrie: The bank manager was himself concerned about whether they would be able to make their payments given the drought. I replied that they have a good water source and the system will work irrespective of whether they get rainfall. Also in this village some of the people work as fishermen so their income continues. There is hardly any risk that the bank would actually repossess the land even if the payments are late. It is a government bank and as a historical matter I have never heard of a case of the BRI repossessing anyone's land in Pacitan. The bank would simply renegotiate the loan with the community.

CW: At the Bandung retreat it was suggested that rather than planning for the development of individual water systems, CARE should be helping the district develop a comprehensive plan for water development linking water sources with estimated village needs. Have you made any progress on this?

Fazrie: So far in Pacitan CARE has built 32 piped water system, 1,082 rainwater catchments, and two spring protection projects in which we protect a spring from contamination and build a community bathing and laundry facility. The provincial service offices for public works and health have built approximately ten systems each. So the government records show 52 piped systems, without adjusting for systems that don't work. About 40 of these are actually functioning and, along with various pump and catchment facilities, serve maybe 30 or 40% of the population of the villages in which they are installed. The rainwater catchments installed by CARE serve possibly the equivalent of 7 villages.

When we provide assistance to a village on water supply we are usually responding to a plan the village has developed with the assistance of a government worker from the district development planning offices. The district government then passes the request to us.

We start from the village proposal, which usual specifies the kind of system they want. If they ask for a piped system they normally indicate the estimated stream flow from their proposed water source, though this is usually substantially overstated.

On the whole, the village plans are poorly developed. This is part of the problem with the systems constructed by public works. They build their systems based on the data provided by the original study without confirming it. We work with the community to re-evaluate the water sources and re-think the plans accordingly.

We have been working with the district government on a spring sources inventory using data provided by the villages. The sub-district officials are supposed to train the village officials in how to measure the flow of the available springs in their villages. There is an easy system for that, but generally the estimates are poor. We need to look into the reasons.

In the next two weeks a new man will be assigned here from the provincial development planning board as head of the district development planning board. He worked with me on the CARE projects in his provincial capacity and is very good. I have already talked to him and he has agreed on the importance of work-

ing together to figure out why the existing data is so bad and to develop a system for improving it. This should move us along nicely on this need.

If we are able to develop a comprehensive picture of the district and its needs and potentials for water development, it will be much easier for me to do my own planning to prepare communities for self-financing. We can also plan for clustering to get the maximum demonstration effect and facilitate one community learning from another.

We would be much further along if I could devote my time exclusively to thinking about the program and working on relations with government. But a lot of my time is devoted to administrative details. Someone cannot find a computer disk and so they ask me where it is. We need new helmets for the motor cycle drivers. I have to decide what kind we should buy and who will do it. The CARE office in NTB province needed 3 tons of seeds for their dry lands agriculture project and asked us to purchase these for them and arrange their shipment. The seeds are available in East Java, but not in Pacitan and no single dealer could provide the quantity needed. I had to arrange to send people all around collecting from various dealers. These are only a few examples of how I spend a lot of my time.

We particularly need someone at the national level working full-time to coordinate the water activity. This person should come out to meet with us regularly to ask difficult questions like you [CW] are doing now and let us know what the other provinces are doing. That would be beneficial.

The key to everything is participation. It makes no difference which program it is. In our health project the local health people really got scared when we carried out our baseline survey. According to their census most mothers knew how to use oral rehydration therapy. Our sample survey showed only 5 percent.

The people at the top agreed that they needed to find out what was really happening, but the people at the bottom felt we were trying to smash them and attacked us. We have started involving the local health officials in planning for the monitoring exercise. Now it is a different thing. They are beginning to see that we may be helpful to them. In fact some of the health people are beginning to ask what happens when the funding for the current CARE project is finished next September. Will CARE keep giving them input? Who will help them after that?

This is what we have to figure out. I believe that once the government officials see what it is possible for them to accomplish they will find way to sustain the improvements after our departure.

DRY LAND AGRICULTURE IN PACITAN

The Dry Land Agriculture Project had been initiated by CARE in NTB province several years earlier. The approach to development of hedgerows using fast growing, nitrogen fixing leucaena had gained rapid acceptance by the farmers. But an infestation of jumping plant lice had decimated the leucaena in NTB as elsewhere throughout Southeast Asia.

The CARE office in NTB immediately set about testing alternative approaches to establishing the hedgerows and enriching the soils. The popularity of the NTB initiative with the farmers had led CARE to a decision to introduce the technology to Pacitan, East Java in November 1985.

Demonstration plots were established in three villages on government lands set aside for use by the village head as compensation for performance of his official duties. Farmers in the area were recruited to work the land in turns on a volunteer basis. Project staff in Pacitan emphasized that the technology system was exactly the same as used by CARE in NTB; the only difference was the use of public lands rather than farmer's lands for the

demonstration. They felt that farmers were not likely to volunteer their own land until they had seen actual results.

In mid-1986, farmer leaders and several government agricultural extensionists from Pacitan visited CARE's project site in NTB province. They returned quite impressed with the technical results being achieved and urged CARE to introduce this technology into Pacitan. Given the experience with the jumping plant lice in NTB, CARE East Java had avoided the use of leucaena in favor of the new diversified hedge row package with which CARE NTB was experimenting.

The sites in both NTB and East Java had suffered badly as a consequence of the drought. Much of what had been planted in the hedgerows had died, but some plants were surviving. Project staff hoped there would be a recovery after the rains returned and felt that within another year they would have a viable demonstration and then could direct their attention to dissemination.

CARE staff in Pacitan had worked largely on their own to implement the dry land agriculture project in their province. Fazrie, the regional representative tivetivehad made a brief visit to the NTB project site the day following completion of the senior staff retreat in Mataram in June 1986, before the drylands project was initiated in East Java. Project staffing consisted of a single CARE field officer. The field officer who had originally been responsible for the project in East Java had visited the NTB site in mid-1987, but he had since been dismissed. A new program officer, Ramsey Omar, who had just been assigned by CARE to Pacitan to handle the dry land agriculture project. CARE staff in Pacitan reported that no CARE staff from NTB had had occasion to visit East Java, nor had any one who visited from CARE Jakarta given attention to this project.

CARE's regional agricultural advisor, based in Bangkok, had visited and had questioned the staff as to what they saw CARE's role being in relation to dry land agriculture in Pacitan. In an effort to provide an answer to this question the Pacitan staff subsequently contracted a local agronomist to do a survey of government officials, CARE staff, and farmers in an effort to define what CARE's role should be.

In her report, the agronomist noted that though CARE had a technical agreement with the provincial level of government, the CARE office was actually located at the district level along side the district level offices of the various Ministry of Agriculture directorates. Therefore it would be appropriate for CARE to play the role of district level facilitator of the work of these directorates. This would involve helping them solve any problems in dry land agriculture and training the agricultural extension agents and farmer leaders in the technology that CARE was promoting from NTB.

CARE staff in East Java accepted the recommendations of the report and while waiting for the rains and the recovery of their pilot sites, focused their attention on trying to get more government people involved. Four district level government offices had been identified that had extension agents involved in one way or another with dry land farming systems development: Agriculture, Soil and Water Conservation, Plantations, and the Forestry Corporation. Some of these offices had projects intended to encourage farmers to implement technologies similar to those CARE hoped to promote, but unlike CARE they offered free materials and cash payments as an incentive.

CW: Can you give me more details on how you expect to work with the government in your pilot sites?

Omar: We will not really involve them in the pilot sites at the beginning. We are approaching them to get their inputs into a collaborative plan. Under the plan they will be incorporating our technology package and our approach into their system. The government does their own technical training. We will collaborate in training their workers.

CW: How different is the technology that the government has been encouraging the farmers to use?

Omar: The basic idea of promoting terracing is the same. In fact the farmers have been practicing terracing here long before CARE came, though in some places they do not do it properly. Terracing was new in some areas of NTB. But here everyone has been doing it for a long time. The idea of introducing hedgerows at the

edge of the terrace to prevent erosion is new. Without hedgerows they plant their cassava right up to the edge of the terrace and the terrace eventually breaks down.

The people say they don't want to use hedgerows because they take up too much land. The question we will face is how to get them to change their terracing practices. Their current practice is to put in a terrace every three meters. If we can get them to extend these to five meters, then the hedgerows will take up less actual space.

CW: Why hasn't the government been successful? You said they are giving large subsidies now and yet the farmers aren't really interested. I understand a feature of your system in NTB is that you don't offer subsidies, and yet the farmers seem eager to participate. How do you explain this?

Omar: Well the government doesn't involve the community in the planning, so the people participate in the terracing only because they are paid to do it. They never develop any real commitment to it. For their part the government people become absorbed primarily in implementing a donor funded project for so long as the funding lasts. They are never asked to be concerned about why the hedgerow isn't doing well. It is a matter of knowing how to work effectively with the farmers.

Fazrie: After the CARE project was established in NTB, some government people from East Java went to observe it. They saw established hedgerows, and they saw beans and chilies growing well. They were impressed and wanted to do the same thing here. They were of course focused on the technology. They didn't get into questions of what it cost or how one worked with the farmers.

CW: If the government has been trying to promote the same technology here doesn't it at least have a successful demonstration plot?

Fazrie: I've never seen an actual demonstration plot, though I have seen a village where the headman successfully used the incentives from a government project to get the farmers to terrace their lands.

Of course because of the drought even CARE's NTB sites aren't doing well now. We recently sent a new field officer to NTB for orientation and he said most of the hedgerows had died out. He also found that some farmers were critical of CARE, claiming that CARE was only concerned with the hedgerows, while the farmers were concerned about the crops they could grow between the hedgerows.

CW: Until you have actually demonstrated both that your technology works here and that the farmers are willing to accept it, how can you be sure you have anything to offer to the government?

Fazrie: These projects were designed before our new strategy. Under our previous way of working, when we designed a project we didn't ask these kinds of questions. We designed our health project by looking at the relevant health statistics and designing a village intervention to attack critical health problems. We didn't deal with why existing government programs weren't working.

It was the same when we did the dry land farming project proposal for East Java. It was a matter of deciding on an activity and then finding a suitable location to implement it. There was no real feasibility study to examine local experience and needs, and where we might have some distinctive role. Now we find ourself stepping back and trying to ask these questions in mid-stream.

Iskandar, who was responsible for coordinating both the water and dry land farming projects from Jakarta, observed that:

We initiated the project in East Java with an experimental site in one village because of the government's request. They were very enthusiastic based on what they had seen in NTB and saw it as a possible solution to similar needs in East Java. They said they had Rp. 50

million to support projects in upland soil conservation. We didn't request their funding as we felt it was more than we could use effectively at this stage.

THE HEALTH PROGRAM

As explained in CARE Indonesia's 1987 annual report on its village primary health care project, the original project design had stressed immediate short term results, on the assumption that the demonstration effect would be sufficient to ensure sustainability. CARE field staff were placed in highly operational roles directly organizing and training village voluntary health workers (cadre) to promote and conduct a wide range of primary health care activities. It had been assumed that after one year of intensive support, CARE staff could withdraw, with the cadre continuing to serve as adjuncts to the government's public health programs.

It soon became evident, however, that the cadre required substantially more support than originally anticipated. It was found that local health centers were not adequately staffed, equipped or motivated to provide necessary back-up support. In addition, because of CARE's operational role, village leaders and district officials tended to depend on the CARE field staff, with the expectation that CARE would independently implement and maintain the project.

CARE staff concluded that CARE's involvement in the 48 villages as originally planned would have a short term beneficial impact on those villages and would probably be successful from the standpoint of the project's original output objectives stated in terms of numbers of immunizations, mothers trained in ORT, babies weighed, etc. But the impact would be only on those villages and would not be sustained beyond project completion. But from a longer term national perspective the project results would be unsustainable and inconsequential.

A New Plan Emerges Following Bandung

Following the Bandung retreat, Rick Henning, CARE Indonesia's health coordinator made a number of visits of one to two weeks each to the CARE offices in NTB and West Java. During these visits, lengthy meetings, some lasting for days at a time, were held with the regional representatives and staff concerned with health program development. In these meetings they explored options and developed a consensus on a new CARE approach in health. CARE's regional health advisor based in Bangkok participated in several of these meetings.

Through these dialogues it was agreed that CARE should redefine its role as one of facilitating government efforts to implement its established national primary health care program rather than concentrating on the direct implementation of health care activities. CARE would work through government to establish a number of villages as pilot sites in West Java, East Java, and NTB.

Once developed, each of these sites would serve as a training center for nearby villages. CARE's direct involvement at village level was to be limited, working instead to mobilize village leaders and government personnel at the sub-district level who would be responsible for providing sustained care after CARE's departure.

It was intended that as satisfactory interventions and strategies were developed and proven effective, CARE would work with the Ministry of Health in Jakarta and with provincial and district level counterparts to extend applications to other villages. It was intended that leaders and cadres from successful villages would participate in helping to train leaders and cadres from adjacent villages. By November 1987, activities had been initiated in four sites in West Java and seven in NTB. Three sites had been selected in East Java.

The *Posyandu* (Integrated Health Services Post)

The government's primary health care program was built around the posyandu, a village health unit organized and managed by village volunteers (cadres). By the government's criteria, a *posyandu* should be established for each area with 750 people or 75 children under five.

A newly established posyandu was only expected to carry out weighing sessions for babies and one other primary health intervention such as immunizations. A fully mature posyandu was expected to provide weighing sessions, immunizations, diarrhea control, child and mother health care, family planning, nutrition, and some related

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activities from other sectors such as gardening, income generation and education. It was the government's intention that each *posyandu* eventually become a forum for a variety of community development activities.

The *posyandu* was to be managed and staffed by volunteer village health cadre selected or appointed by the village leaders or village members. Cadre worked under the supervision of staff from the local government primary health center who were supposed to attend and assist at monthly posyandu sessions for all mothers and infants (0-2 year) in their service area.

While there were some villages where the *posyandu* system was working well with good support from local government health service units, these were more the exception than the rule. One problem was simply lack of funds. For example, the entire central government budget allocation for health for all of Pacitan district in East Java was US$6,396. The total funds available for monitoring of health status were US$851.

CARE staff in NTB and East Java had been particularly concerned about the lack of incentives for the village cadre and as a result had promoted experiments with incentive schemes. NTB was encouraging each household to put aside a teaspoon of rice each day to be collected and sold to cover the transportation expenses of the cadre and the cost of the food purchased to do a cooking demonstration for mother's whose children were malnourished. East Java had been encouraging villages with CARE installed water systems to set aside one fifth of the water user fees to support health cadre.

Provincial Experience

Henning made two relatively brief visits to the CARE field office in Pacitan District of East Java following the Bandung retreat. The key staff person hired for the health project had left CARE prior to Henning's visits. Consistent with the clustering concept discussed in Bandung, CARE staff in Pacitan were implementing the health project in villages where CARE had already installed water systems. Henning's visits to these CARE assisted villages revealed that even prior to CARE's intervention their posyandus were meeting regularly for baby weighing, immunization rates were already higher than in CARE assisted villages in West Java, and mothers were well informed on ORT.

East Java was widely known as a particularly progressive province in regard to health development. Consequently, officials in the province were inclined to believe that they were already the national pace setters for development of the *posyandu* program. Henning left Pacitan with serious questions as to whether CARE had a role in health in East Java. He felt the staff there shared his questions. But he felt they might be afraid to articulate them because it might cost them their jobs if they admitted they were not needed.

Henning felt he needed an independent assessment of CARE's role in East Java so he contracted with YIS, an Indonesian NGO that had originally helped to develop the *posyandu* concept in Central Java to provide such an assessment. A conclusion of this study was that because the interventions had been tied to CARE's water projects the villages in which CARE was working on health were generally better organized and had relatively stronger leadership.

Henning: In other villages the *posyandu* was not operating effectively and here the government did need help. But to play a meaningful role we realized the CARE staff would have to develop closer working relationships with the government officials at district and provincial levels.

CW: How would you summarize the current situation of CARE's health program overall?

Henning: The situation in each province is quite different. In East Java it was agreed to continue the program, but with much more attention to working with local government officials and the selection of more typical villages as the pilot sites. We now have the new sites selected and are doing the baseline surveys.

In West Java it was agreed to cluster our efforts in four villages in two adjacent districts. We wanted to work just in Ciamis district because of a very cooperative local administration there. The provincial government wanted us to work in the neighboring district of Garut, which they felt had greater need. So we compromised.

We phased our people out of our original villages in West Java as planned. But we agreed to provide follow-up through the organization of a workshop four times a year in which leaders and cadres of these villages get together to discuss their problems and their plans.

I attended the most recent of these meetings. There were participants from 15 villages. These were the original villages assisted by CARE under the health project, plus the four new villages. In addition each of the CARE villages was invited to bring along a guest village.

We are finding that these inter-village meetings are an important way to motivate the cadres. The recognition they receive from one another is almost as powerful an incentive as money.

The leaders of the original villages have told members of our field staff that they have already gone beyond what was accomplished when our own workers were assigned there. Some report they have provided orientation for the husbands of the cadre so they understand the importance of the work their wives are doing. They also report that they have levied a tax on local stores to help finance the cadres. We have not yet directly verified these reports.

In NTB we are just at the stage of trying to set up the pilot sites. The sites in NTB are really large hamlets [sub-village units] rather than villages. Each hamlet is supposed to have its own leader appointed or confirmed by the village head.

In Java these structures are generally strong and active when we come into a village. But in NTB they are generally inactive to the extent it may even be difficult to find out who the hamlet leader is. So our field people have to activate that structure before they could organize a village health committee to organize a *posyandu*.

The village heads are quite supportive. The provincial and district officials have been told to do these things and they don't know how, so they are generally pleased to have our help.

Our relationships are also good at the district and sub-district levels. But at the provincial government level they have been weak. Provincial officials have been quite critical of our efforts and have been reluctant to work with us. Part of the problem may be that they have been reporting regular progress with the *posyandu* program to central government. They are very nervous about our presence because our involvement tends to make people conscious of how poor performance has been.

Because of our weak relationship with the provincial officials, we haven't yet been able to move beyond our old operational approach to our new approach of helping government improve its performance.

CW: For a time after the Bandung meeting I understand you had a particularly intensive travel schedule visiting the field offices to work through the new strategy with them.

Henning: That is true, but over the past two months I have found myself so occupied with preparing the new four year health project proposal for AID that I have been almost completely out of contact with the program during that period, though I have made several trips for the specific purpose of getting information and agreements for the proposal. To get the funding for this project approved we need to get concurrence from the local USAID Mission, from the Indonesian government, both the Ministry of Health and three provincial governments, and finally from AID Washington.

A lot of things are happening in the program currently, especially in West Java. I feel I am on a run away horse and the horse is running in three directions at the same time. I'm not on top of what is happening in the field right now and I know it.

Overall for the year so far I have spent roughly half of my time traveling and the other half in Jakarta doing required paper work--mostly reports and proposals. CARE New York requires that we prepare a Project Implementation and Evaluation Report on the project every four months. Each one of these keeps me pretty well tied up for two weeks. We take them seriously and have received high praise on them from CARE New York. In fact they have sent out copies to other missions as examples of how they should be prepared.

In addition I have to prepare an annual project report, and a separate annual work plan for AID. Each of these keeps me tied up for the better part of two weeks, plus time to respond to comments from AID.

Since we have a small staff here in Jakarta, in addition to these activities on my own project we often have to help out in other areas. Until recently I was also head of administration. This summer while Jay was on leave I was acting country representative. I have also put in two weeks each helping out with the preparation of two other projects for which I am not directly responsible.

CW: Recently I met Matthew Schwartz, your new evaluation officer. He told me he is working exclusively on the health program. How does it happen that the health program has its own evaluation officer?

Henning: It was evident that we needed a full-time person on evaluation from the moment I took over this project. AID was asking for so much evaluation data that we couldn't possibly gather it all ourselves. The forms they wanted us to fill in were just too much. I became desperate. So we first picked up Matthew on a part time basis. He developed an evaluation packet module that could be followed by our offices. For example our staff didn't know what a control village is. Or how you select a random sample. Matt was able to describe it in lay terms. Our people are now gathering data on control villages.

CW: It sounds as though you put a lot of resources into evaluation.

Henning: Without these surveys there is no way to prove whether the villages in which we are working are achieving better than what would have happened anyway. The surveys really aren't that expensive. We did a total of four baseline and closeout surveys this year in our three provinces and the total cost was only about $5,000. Each one takes the staff about 10 days to administer.

Of course there is additional time for tabulation, analysis, and report writing. In West Java we did a closeout survey covering five old village sites plus one control site. We also did a new baseline survey in a total of 14 villages (4 pilot, 8 replication and 2 control sites).

CW: What have you learned from these surveys?

Henning: The surveys primarily test the knowledge of the mothers. We found in West Java that we have been reasonably effective in training mothers how to take better care of their children. In terms of our goals for increased knowledge we met our targets on nearly every indicator.

CW: How does this emphasis on impact evaluation relate to your strategy of focusing on the development of sustainable delivery system capacities, rather than simply carrying out health interventions in the villages?

Henning: This is a problem. AID wants this data to prove to the U.S. Congress that the projects they are funding under child survival are having a real impact. The formats AID provides us for presenting our funding proposals and our reports, as well as for doing our evaluations, are all designed around the assumption that AID is funding specific inputs for the direct delivery of specific services at the community level. They are not at all geared to the kind of thing we are trying to do.

CW: What have you learned regarding the reasons why the government system is not operating effectively and how does this translate into CARE's plans for collaborating with the government to improve its performance?

Henning: This is where we are weak. I know that it is common for a government inoculator to ride his motorcycle twenty kilometers to a village and then do only three immunizations. I know the nurse from the primary health center may visit a posyandu and then simply sit there and do nothing. The women are attending, but the volunteers do all the work and she simply sits. I don't know why. We have been too busy writing proposals, establishing our relations with government, selecting the pilot sites, and doing the baseline surveys to find out yet.

Our best results in health clearly have been in West Java. Our new village sites there are quite good. The baseline surveys show that under the existing government program they had already accomplished 30 to 40 percent of our goal on key health indicators. The key to our progress there is Susi, our Indonesian provincial health officer. She has a clear concept of where the project is going and good connections with most of the district and provincial officials. She has moved ahead so fast on the introduction of a number of training programs that it is difficult to keep up with her.

DISCUSSION WITH JACKSON

CW: How do you assess the Ciloto meeting?

Jackson: I think we went too long between retreats. But it was a successful meeting. Besides bringing out important issues, it also demonstrated the substantial progress we have made, especially in the area of self-financing, and not just in Pacitan. All of the provinces are increasing their community contributions.

But there are still staff who do not fully understand what we are trying to do. For example, the idea that CARE should get into the business of guaranteeing loans keeps coming up. It came up recently in NTB. I have taken a clear position against it on the ground that it both limits the incentive of the communities to repay the bank, and it limits the replicability of the concept. Some staff obviously don't agree with my position because the idea that we might guarantee loans keeps slipping back into our dialogue.

In terms of actual needs East Java probably needs the dry lands farming project more than it needs the health project. I suggested that they not introduce health. As it turns out they have been more successful in health than NTB, but trying to develop all three areas at once creates an overload.

CW: One of the issues in Bandung was whether you should continue with the expansion plans already in place. It appears that most all of them have moved ahead, including Nias.

Jackson: In every instance where according to the logic of the strategy we should be scaling back or delaying our involvement, the staff has argued that we would seriously undermine provincial and district level relations if we pulled out of our commitments. Expectations from AID, CIDA, and CARE Ottawa and New York have also been a consideration, though these have been gradually scaled back.

I have been particularly concerned that East Java has been taking on too much. Since the Ciloto meeting we have been notified by CARE New York that we will have to absorb an additional 20% funding cut. That helped to settle the issue. We will definitely close out dry land agriculture in East Java. The field officer is being transferred to NTB to work with the dry land project there.

I see the situation in NTB with regard to dry land agriculture as much more favorable than the report of your discussions in East Java would imply. The hedgerows that died out were primarily those planted to leucaena. The rains have returned there now and the diversified crops they have introduced seem to be doing well.

It took some time to get the new seeds in the required quantities and the new legume varieties do not reproduce as rapidly as leucaena. Our focus on the hedgerows has been intentional. We are well aware that the farmers are most interested in the cash crops that they can grow between the hedgerows, but those do not present any particular difficulties. The challenge is to get an acceptable technology for stabilizing and enriching the soils so that the cash crops can be sustained.

I just made a visit to Nias and my current feeling is that it is not out of the main stream of where we are going with our strategy. Our activity there was based on the Sulawesi model. Rather than using water as an entry point, the community defines its own needs.

The really interesting part is that so far CARE has provided no material support. All of our expenditures have been to support our staff who act as facilitators with the community. We are helping the communities organize into interest groups that identify things that can be done entirely with their own and other existing local resources. Traditionally the people there have not been known for their ability to work together. But the barriers to cooperation are breaking down.

At the moment we are working in two villages. One used to have a river flowing by it. The river diverted itself some 30 years ago leaving a pond. Some 18 families in the community have decided to clean up the pond and develop it for shrimp production. As it is communal land they will pay the village 20% of the profits to be used for other community activities. Another group has taken over some fallow land and developed it on a communal basis with the assistance of Ministry of Agriculture technicians to demonstrate the potentials of improved rice varieties.

The government head of Nias district [corresponds to the island of Nias] was very enthusiastic about the results and urged us to move on to other villages next year. It would be interesting if we could move the effort up to the sub-district level. For all of the island there are some 600 villages and half a million people.

CW: To a lot of people it looks as though a CARE country director has total control over decisions on what programs to expand and what to cut. You seem to be saying he doesn't.

Jackson: Indonesia is a consensus building society. A country director who dictates what will be done will not set well here and ultimately will undermine what he wants to accomplish. The success to date of our new water program strategy is an outcome of consensus building.

The staff is just now beginning to recognize the implications of the self-financing approach to water. For one thing it takes longer. We have to spend more time working with the community to raise the necessary inputs.

As a result we may have to carry over more projects to the next fiscal year. This will mean carrying over program funds. This impacts especially on our use of government funds, since government operates on a fiscal year that closes three months before CARE's year closes. We don't know how either government or CARE will respond.

We may need to change our whole approach to planning. Rather than working on individual systems as individual projects tied to a specific fiscal year, we might develop a "bank" of sites where we begin working with a number of communities and move ahead with each as they are ready and have the funding available.

West Java budgeted last year for staff to develop the bank of sites, and so has been able to allocate staff to doing the preliminary site identification and preparation work without any difficulty. Sulawesi started using this approach even before last year to ensure that it would be able to complete construction on the agreed number of sites during the designated fiscal year.

We also need to work on how we present our budgets and define our programming targets.

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Our field staff have been accustomed for historical reasons to set their targets on the basis of physical systems completed. As we become more focused on process this becomes less appropriate.

Fortunately, within the CARE system we have the option of setting our targets at the field level in whatever way makes sense for what we are doing. But we really haven't figured out the appropriate alternatives yet. Our agreements with government are still in terms of the number of communities we will assist. And AID's project proposal writing guidelines are still very much oriented to physical results. So there are expectations and our field people may be called to account if they are not met, even though CARE itself may not be a problem.

Another implication of the new strategy is that as community contributions increase, we are going to have money left over to do more systems. With geographical clustering I think a given staff person will be able to handle more sites because he or she can work with more than one village at a time. But again it implies a new approach. We have actually been expanding the number of systems we do each year at a rather substantial rate.

We have good cost data on our village water systems in our files and each field office is working on compiling it. I beLeve we are in the ball park of what communities can self-finance, partly as a result of our success in keeping costs low. WHO estimates a per capita cost of US$50 for installation of a water system. We are averaging $7.50. Further refining our data collection is an important priority for the coming year.

We need to be putting a lot more investment into staff development at the field level. Staff meetings has been an important means of preparing senior level staff for the new strategy. But the concepts haven't been effectively translated to the rest of the staff. As a result they aren't yet really prepared for our new way of working. Correcting this is clearly a priority.

We have tried to protect our field offices from the paper work involved in reporting and proposal writing for donors and for CARE headquarters. But we only have three people in headquarters and it is easy to fall into the trap of focusing on the paper work.

Even so, I spent 25% of my time traveling last year. Our records show that between January and October Rick was traveling 44% of the time. We do need to discipline ourselves to regular travel schedules. I have decided to meet with Rick and Iskandar once each month specifically to lay out travel schedules and make sure we stick to them. The paper isn't going to stop, but it will simply to wait until we get back.

These are the sorts of problems an organization inevitably faces that attempts to undertake such basic changes in its approach to development. All in all I'm very pleased with what the staff has accomplished in the last two years.

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