

# The Role of Transition Assistance: *The Case of Indonesia*

## Summary

**F**ACING A DETERIORATING ECONOMY, civil unrest, and political uncertainty in a country important to U.S. interests, USAID's Office of Transition Initiatives (OTI) began in August 1998 to assist USAID/Indonesia with programs that aimed to move Indonesia to a more open, democratic system. Principal activities funded by the approximately \$30 million allocated to OTI through FY2000 included supporting Indonesian elections, strengthening the media, building civil society, improving civilian-military relations, and mitigating conflict.

A study of transition assistance by USAID's Center for Development Information and Evaluation (CDIE) found OTI's programs played an important role in helping USAID respond quickly and appropriately with short-term assistance to support postemergency political reform. OTI's capacity to identify opportunities and respond immediately to conflict situations enabled the U.S. Government to provide immediate support to peace committees and local groups addressing issues in volatile environments. The study also explored the limitations of transition assistance, including the need for effective integration and coordination with sustainable development programs.

The CDIE evaluators found that the decision to launch transition assistance was characterized by consultation with the relevant U.S. Government agencies and considered the appropriate guidelines, albeit informally. Although OTI's initiative-planning approach maximized flexibility and quick response, it also led to a proliferation of program objectives and dual monitoring systems. Initial tension between OTI and USAID/Indonesia staff eased over time, but OTI's separate planning and monitoring processes worked against full integration. The formation of cross-sectoral teams improved coordination of OTI and USAID/Indonesia activities in conflict-prone regions. Election assistance and media strengthening activities proved particularly effective. Exiting from Indonesia has proven difficult, complicated by the need to respond to new situations, strong support for OTI activities

## KEY IDEAS

- Transition assistance planning needs to balance flexibility with program integration.
- Enhancing coordination between transition assistance and other programs can encourage integration and cooperation.
- Lack of handoff policy creates uncertainty and delay.
- Linking short-term assistance with institution building can help achieve sustainable results.
- Transition assistance is no panacea for addressing fundamental issues.
- OTI's rapid response contract provides quick and flexible assistance.
- Approaches to monitoring results should be realistic.



by other U.S. entities, and lack of a clear phaseout policy.

The lessons derived from OTI's Indonesia experience, according to CDIE evaluators, include the need to balance short-term flexibility—important in responding to crisis situations—with long-term, capacity building programming. The CDIE evaluators concluded that transition assistance could help reduce tension, but it was not a panacea for addressing underlying conflict issues. Linking OTI's short-term assistance with longer term activities could help maximize overall effectiveness, as would an approach to monitoring results within the country context. A clear and consistent duration and phaseout policy would facilitate activity handoff and an orderly transition to regular programs. ■

## The Case of Indonesia

### Background

OTI initiated its program in Indonesia in August 1998 in the aftermath of a deteriorating economy, extensive civil unrest, and resignation of the country's president.



Property destroyed during fighting between Christians and Muslims in North Maluku. The Office of Transition Initiatives (OTI) provided those hardest hit by the fighting with materials for rebuilding.

Since then, the country has faced serious challenges in moving from a largely autocratic, military-dominated rule to a more open, democratic rule. Increased interethnic strife, interreligious struggle, and provincial movements for independence have complicated the transition.

The objective of OTI's program was to assist USAID/Indonesia with activities aimed specifically at issues of political transition. Principal OTI activities included elections support, media strengthening, civil society support, civilian-military relations, and conflict mitigation. Funding through FY2000 totaled approximately \$30 million. Phaseout was targeted for 2001.

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In 2000, CDIE began an evaluation of the general role of USAID transition assistance, with a specific emphasis on OTI's role and activities. Established in 1994, OTI has helped address postcrisis situations in more than 20 countries worldwide. Transition assistance, as used here, refers to the OTI-administered programs that provide flexible, short-term responses to help advance peaceful, democratic change in conflict-prone countries. This assistance is usually provided during the critical two-year period after conflict when countries are most vulnerable to renewed conflict or instability.

As part of this study, CDIE evaluators visited Indonesia

September 9–19, 2000 to evaluate OTI programs at the country level. The evaluators reviewed documents and interviewed representatives of USAID, other U.S. Government entities, other donors, and USAID-funded contractors and grantees. They also interviewed Washington-based representatives familiar with the OTI program.

The study 1) sought to determine if the decision to initiate a transition program was made in a transparent fashion and considered appropriate guidelines, 2) analyzed the strengths and weaknesses of the planning process, 3) assessed program implementation, 4) discussed duration and program handoff issues, and 5) determined whether the transition activities achieved their objectives effectively.

## Deciding to Engage

USAID senior management asked OTI to initiate a program after consultation with other U.S. Government entities, including the White House, the State Department, the National Security Council, and the Treasury Department. To allocate scarce transition resources to priority countries, OTI interventions must meet established guidelines.

CDIE evaluators determined that the decision to mount an OTI program in Indonesia considered the guidelines informally, and that the decision had turned on the importance of Indonesia to U.S. national interests, the readiness of the country to make a peaceful transition to a democratically elected government, and an environment that was sufficiently stable to implement a program. The informal decisionmaking process provided USAID maximum flexibility for quick action, though not for transparent documentation or determination of program duration.

## Planning Transition Assistance

OTI's approach to planning permitted experimentation and quickly shifting emphasis—



Members of Indonesia's Democratic Party of Struggle (PDIP) participate in a pre-election rally in 1999.

from election to postelection issues, and then to emerging conflict in the outer island regions. However, the approach also led to the proliferation of program objectives and dual monitoring systems. Because USAID/Washington supported a broader role for OTI than the one recommended by the mission, there was considerable initial rivalry and program overlap between OTI and USAID/Indonesia and lack of understanding of each other's roles.

Over time, the OTI program began focusing on broader objectives related to the country plan. Fuller integration of planning and impact monitoring increased efficiency, maximizing USAID's ability to capture the impact of OTI's efforts within the combined program and facilitating the handoff of initiatives to other mission programs. Still, OTI's separate planning and monitoring processes worked against full integration.

## Implementing the Program

OTI initiated the transition program in Indonesia quickly, putting in place implementing mechanisms within two months. Its establishment of regional offices facilitated broad geographical coverage and the identification of local contacts and organizations.

OTI activities are more management intensive than are other USAID programs in Indonesia because of the need for direct staff involvement in helping strengthen the many experimental activities of grassroots organizations. Through the Support Which Implements Fast Transitions (SWIFT) contracting mechanism, OTI effectively and quickly funded numerous small activities (ranging from \$5,000 to \$15,000) of emerging local organizations. The provision of in-kind assistance did not, however, permit these organizations to develop institutional capacity in areas such as financial management and procurement. The mission democracy and governance (DG) program supported long-term institutional capacity building grants.

Coordination of the OTI and mission DG programs improved with the clearer distinction of roles and program responsibilities. The creation of informal teams that worked across strategic objectives in conflict-prone regions facilitated program coordination. Indeed, crisis-prone Indonesia provided opportunities to maximize the integration of relief, transition, and development assistance in constructive ways. The integration of OTI into mission administrative services worked well.

## Handing Off Activities

OTI provides postemergency response programs during the two-year critical period when countries are most vulnerable to renewed conflict or instability. However, exiting these programs can be difficult, especially when 1) crises continue to emerge, 2) there is strong support from U.S. entities for a continued OTI presence, or 3) transition initiatives require continuation to realize meaningful impact. Indonesia illustrates the dilemma OTI faces in transition situations that require conflict mitigation capacity over the longer term.

Exiting from Indonesia has been complicated, although once initiated the handoff proceeded systematically, some through short-term bridging activities. Other handoff activities included OTI's identification of grantees that the mission might consider for longer term support.

The issue of duration sparked considerable discussion within and outside OTI. The phaseout date continued to shift, eventually slipping from one to three years. Reflecting Indonesia's high priority to U.S. national interests, U.S. policymakers strongly supported a continuing OTI presence to address the ongoing sectarian and political conflict across the archipelago. An important factor was that USAID did not consider duration during early engagement stages; another was the absence of a clear and consistently applied policy on duration and phaseout.

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While the absence of a clear program-duration policy provided flexibility, it also led to confusion and uncertainty about OTI's role and contributed to the postponement of decisions by the mission and the regional bureau on both handoff and the identification of alternatives for addressing extended conflict. Moreover, in Indonesia and elsewhere, longer term approaches that are beyond OTI's mandate and capacity are required to address the fundamental issues behind the conflict.

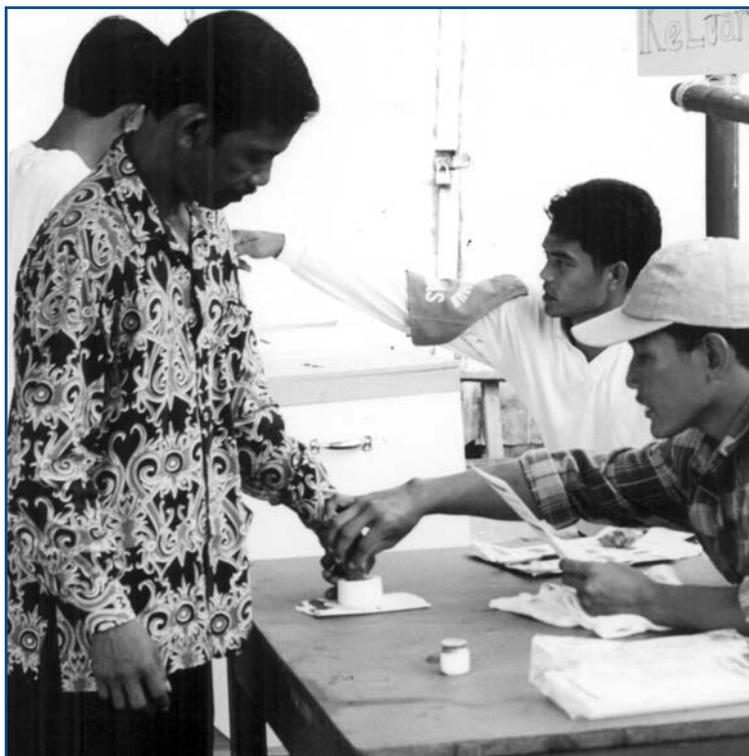
## Achieving Objectives

OTI's mission in Indonesia was to provide flexible, short-term, high-impact assistance to help local partners advance peaceful, democratic change in a conflict-prone environment. The office funded more than 450 grants totaling more than \$16 million during FY1999–2000. CDIE looked at the role of transition assistance generally as well as individual program areas, addressing effectiveness, relevance, and impact within the limits of available impact data and evaluators' time in country.

- *Elections.* OTI and DG programs together contributed to the successful holding of elections. OTI initiated a variety of efforts in voter education, media strengthening, and civil society mobilization to inform the public on participation and democracy issues. OTI-funded election-related public service announcements reached an estimated 140–180 million television viewers; print media reached 23 million. The voter education surveys initiated by OTI became the building blocks for USAID surveys during the elections. Building on election experiences, some grantees launched postelection activities related to governance and regional autonomy issues.

- *Media.* The media strengthening initiative was especially timely and effective, contributing to the short-term objective of informing the public on political issues and to longer term sustainable development goals of institution building. Results included upgrading the skills of journalists and print and radio producers, developing news programs for radio, and crafting new broadcast and print press laws. The new laws facilitated the establishment of more than 200 new publications.

- *Civil Society.* Civil society support provided numerous emerging nongovernmental organizations (NGOs) with opportunities to improve their capacity to use media, inform the public on political issues, and advocate for reforms. Some activities had national impact, such as efforts to combat corruption in government and a constitutional amendment on human rights. Anecdotal information indicates that a number of NGOs effectively informed public audiences on important issues and influenced action in some cases. However, overall impact was difficult to quantify in the absence of a monitoring system that collected comparable data for all grants.



Casting ballots in Indonesia in June 1999. Support for elections was an important goal of the Office of Transition Initiatives.

- *Conflict Mitigation.* OTI’s conflict mitigation activities aimed at increasing access to accurate, objective information through media and other means, thereby reducing rumors and tensions. In early 2000, OTI turned its attention to the conflict-prone regions beyond the central island of Java. Anecdotal information indicates OTI responded to the initial crises in North Sumatra and Aceh regions with flexible, timely, and critical support, but it was still too early to assess impact of these efforts.

- *Civilian-Military Relations.* OTI initiated activities in this important area at the request of the USAID mission director. While the initiatives supported needed reforms, civilian-military relations involve fundamental institutional changes. Bringing about such changes requires a longer term effort beyond OTI’s tenure.

- *Gender.* OTI supported the inclusion of a women’s participation dimension in all grants, promoting women’s issues and increased political awareness among women. Some activities had

national impact—such as the women’s radio programs. However, the evaluators were unable to assess overall impact of this approach due to lack of available impact data.

- *Bridging to Longer Term Activities.* A number of OTI initiatives effectively served as bridging for long-term institutional development. USAID/Indonesia or other donors strengthened institutional capacity through continued support for successful initiatives, such as the media strengthening effort, NGO work on decentralization issues, and support for women’s rights and the legal aid foundation. However, USAID/Indonesia did not continue assisting NGO civic or political events unless there was a compelling long-term development agenda and promising leadership.

The evaluation team concluded that while transition assistance can help quell immediate crises, it is not a panacea for dealing with deeply rooted issues that require a broad and sustained effort—issues such as civilian-military relations, sectarian and ethnic violence, and sustainable media development. The optimum is to have a combination of short- and long-term approaches available, especially during periods of intermittent conflict. ■



OTI purchased and transported basic building materials to support community reconstruction and the resettlement of internally displaced persons in North Maluku. Local governments and communities determined the most appropriate use of materials.

## Lessons Learned

**T**ransition assistance played an important role in helping USAID respond quickly with appropriate short-term assistance to support post-emergency political reform. The elections support was timely and effective. The media strengthening initiative was effective in informing the public on political issues and supporting institutional and legal reform. OTI’s capacity to identify opportunities and respond immediately enabled the U.S. Government to provide immediate support to groups addressing issues in volatile environments. However, transition assistance has limitations; it must also be effectively integrated and coordinated with sustainable development programs.

### 1 Transition assistance planning needs to balance flexibility with program integration.

*Retaining flexibility to experiment and shift emphasis is important in planning transition assistance. This approach needs to be balanced with greater program integration to reduce overlap, facilitate monitoring and reporting, and ease program handoff.* The OTI planning process in Indonesia allowed for flexibility to experiment and to shift emphasis to permit quick and responsive action. However, the process also led to program overlap with the mission’s democracy program, redundant reporting and monitoring systems, and difficulty measuring overall USAID program impact. The FY2000 strategic plan for Indonesia better adapted the OTI program to the country context and focused the bulk of the efforts on conflict reduction. This change helped reduce program overlap, ease program handoff, and enhance opportunities for integrated monitoring. More effort to integrate monitoring systems would enable USAID/Indonesia to better report on overall results.

### 2 Enhancing coordination between transition assistance and other programs can encourage integration and cooperation.

*It is important to achieve effective coordination between OTI transition assistance and other USAID programs in a country. Effective coordination requires mission leadership, clear definition of roles and authorities,*

*administrative systems that encourage integration and cooperation, and understanding of each other's roles and approaches.* In Indonesia, numerous factors initially supported rivalry rather than coordination between the OTI and mission democracy programs. One was USAID/Washington's decision to launch a broader OTI program than recommended by the mission director. Another was the differing structures, roles, and lines of authority for program management under the Bureau for Humanitarian Response, which managed transition assistance, and the Asia and Near East Bureau, responsible for other USAID programs in Indonesia. A third factor was the lack of understanding of or appreciation for each other's roles, priorities, and approaches. A fourth factor was the congressional earmark designating OTI as implementer of development assistance funds programmed for Indonesia. Finally, there were other factors related to different staff backgrounds and leadership styles.

New mission leadership took several actions to facilitate coordination, including integrating administrative services, clarifying roles and program responsibilities within the FY2000 strategic plan, and initiating informal cross-strategic objective teams to coordinate all programs in conflict-prone areas. Another option would have been to place responsibility for all programs directly under the mission director—an approach that enhanced cooperation in Kosovo and Bosnia-Herzegovina.

### **3** Lack of a handoff policy creates uncertainty and delay.

*The absence of a clear and consistently applied policy on program duration and phaseout provided USAID with considerable flexibility in decisionmaking, but it contributed to confusion and uncertainty about OTI's role, postponement of planning for handoff, and delay in identifying options to address conflict over the longer term.* The decision to initiate a transition program in Indonesia was based on consideration of important questions related to effective engagement, but it did not address program duration. The duration of OTI's program expanded from one to three years. Contributing factors included strong support by other U.S.

entities for a continued OTI presence, continuing emergence of violent conflict in various outer islands of Indonesia, and delays in planning for and initiating handoff of OTI initiatives.

Subsequent to the field study, OTI indicated its intent to provide postemergency response programs only for a two-year period when countries are most vulnerable to renewed conflict or instability. Early planning for handoff—preferably during activity design—would facilitate timelier transfer. Moreover, a clearer policy on duration—including the conditions under which a program would be extended, phased down, or phased out—would help encourage missions and regional bureaus to plan alternative mechanisms for managing longer term OTI initiatives.

### **4** Linking short-term assistance with institution building can help achieve sustainable results.

*Transition assistance that links short-term assistance effectively with institution building elements has greater potential for achieving sustainable results.*

Transition assistance was most effective in Indonesia when short-term efforts were linked to longer term sustainable development activities. For example, OTI's media strengthening initiative effectively supported legal reform and capacity building as well as use of media in short-term activities such as elections and conflict reporting. The mission democracy staff is continuing the institution strengthening elements for more sustainable results.

### **5** Transition assistance is no panacea for addressing fundamental issues.

*While transition assistance can play an important role in helping quell conflict or its immediate ramifications, it is not a panacea. A sustained and broad effort is needed to address the fundamental, deeply rooted political issues that fuel conflict.* In Indonesia, transition assistance was used to address conflict with small, short-term efforts that helped diminish tensions and encourage constructive action. Such approaches cannot address the complex, deeply rooted political

issues—civilian-military, ethnic, and sectarian relations—that contribute to continuing conflict. A broad-based, sustained approach is needed to address underlying causes of conflict and strengthen democratic institutions. Thus, a combination of short- and long-term approaches appears to be optimum during a transition period.

## 6 OTI's rapid response mechanism provides quick and flexible assistance.

*OTI used the SWIFT indefinite quantity contract to implement short-term transition assistance quickly and flexibly. The approach is less helpful in providing participating organizations with opportunities to build institutional capacity in areas such as financial management and procurement.*

OTI used SWIFT in Indonesia to implement pilot activities, including activity programming, financial management, and procurement. The approach facilitated the rapid programming of many small, short-term grants to numerous emerging NGOs with weak institutional capacity. Other USAID entities may also use the SWIFT contract for implementing short-term transition activities with emerging organizations.

## 7 Approaches to monitoring results should be realistic.

*Short-term, flexible transition assistance does not always lend itself to the more rigorous monitoring systems characteristic of sustainable development*

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*programs. Nevertheless, a realistic approach to monitoring results can realize efficiencies.* By September 2000, OTI had identified seven specific results it was seeking in Indonesia, but it had not established a formal monitoring system with indicators and data-collection methods to monitor progress. Furthermore, many of the results OTI sought were too ambitious to achieve on its own or were in areas where other mission programs were active. A more realistic approach is to regularly monitor the many small activities only at the output level, collecting informal impact information on an ad hoc basis. Where OTI and other mission programs are targeting similar objectives, a joint integrated monitoring system within the country strategic plan is appropriate. ■

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