BIGG - PERFORM

Building Institutions for Good Governance - Performance Oriented Regional Management

End of Project Evaluation

Final Report

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USAID

FROM THE AMERICAN PEOPLE

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Democratic & Decentralized Governance Program
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Table of Contents

Appendix 1: Scope of Work for the Engagement
Appendix 2: Evaluation Team Itinerary
Appendix 3: List of Documents Consulted
Appendix 4: List of Individuals and Organizations Contacted
Appendix 5: Priority Areas To Be Considered
Appendix 6: Questionnaire Guidelines

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During our field visits to project locations in Central and West Java, West Sumatra and South Sulawesi, we met numerous local government officials, local residents, members of Civil Society Organizations (NGS and NGOs), and former field team staff. We'd particularly like to thank Budi and Friki for arranging our meetings in Central Java and Boy in West Sumatra for guiding us around.

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Henry Kellam, Lia Juliani, Rob Varley and Dedi Haryadi

Acronyms

ADB	Asian Development Bank		ESP	Environmental Services Program (USAID project)
APBD	Anggaran Pembangunan Daerah (Local Development Budget)		FY	Fiscal Year
			FORABI	Forum Rakyat Boyolali
APBN	Anggaran Pembangunan Nasional (National Development Budget)		GIS	Geographical Information System
			GOI	Government of Indonesia
AusAid	Australian Agency for International Development		GOPP	Goal Oriented Projecdt Planning
Bangda	Pembangunan Daerah – department within MOHA		GTZ	Deutsche Gesellschaft Fuer Technische Zusammenarbeit
BAPPEDA	Badan Perencanaan dan Pembangunan Daerah		ICMA	International City/County Management Association
Bappenas	Badan Perencanaan dan Pembangunan Nasional (National Development Planning Board)		IQDBE	Improved Quality of Decentralized Basic Education (USAID project)
			IR	Intermediate Result
BHS	Basic Human Services (USAID office managing a variety of linked projects)		JCU	Joint Coordination Unit
			KDP	Kecamatan Development Project
BIGG	Building Institutions for Good Governance (USAID project)		KEPMEN	Ministerial Decrees
			LG	Local Government
BUMD	Badan Usaha Milik Daerah (Local Government Enterprises)		LGSP	Local Governance Support Program (USAID project)
			LM	Local Manager
CBO	Community Based Organization		M&LP	Management and Leadership Program (USAID project)
CIDA	Canadian International Development Agency		MBE	Managing Basic Education (USAID project)
CLEAN	Coordinated Local Environmental Action Network		MFP	Municipal Finance Project (USAID)
CNA	Community Needs Assessment		MOF	Ministry of Finance
			MOH	Ministry of Health
COP	Chief of Party		MOHA	Ministry of Home Affairs
CP	Corporate Plan / Business Plan		MOU	Memorandum of Understanding
CSOs	Civil Society Organizations		MusRenbang	Musyawarah Rencana Pembangunan (community development planning meeting)
DAU	Dana Alokasi Umum (Central government grants to local government)			
DLG	Decentralized Local Government, an office of USAID		NGO	Non-Govt. Organization
			NGS	Non Government Stakeholders
DPRD	Dewan Perwakilan Rakyat Daerah (local assembly or council)		OOPP	Objectives Oriented Project Planning
			OTDA	Otonomi Daerah (Local Authonomy)

P2I	Program Pengembangan Institusional
P2IRT	Program Pengembangan Institusional dan Rencana Tindak / Institutional Development Program and Action Plan
P2P	Peer-to-peer replication method used in BIGG project
P3KT	Program Perencanaan Pembangunan Kota Terpadu / Integrated City Planning Program Development
P3RT	Program Pengelolaan Pembiayaan dan Rencana Tindak Lanjut / Financial Management Program and Action Plan
PBB	Performance Based Budgeting
PDAM	Perusahaan Daerah Air Minum, local water utility
PDP	Provincial Development Planning (USAID project)
PDPP	Program Dasar Pembangunan Partisipatif, planning process facilitated by PERFORM project Program Dasar Pembangungan Perkotaan (Basic Urban Development Program)
PEMDA	Pemerintah Daerah
PERFORM	Performance-oriented Regional Management (USAID project)
PI	Program Investasi
PP	Peraturan Pemerintah (Government Regulation)
PRA	Participatory Rapid Appraisal
Rakorbang	Rapat Koordinasi Pembangunan (Development Coordination Meeting)
RAPBD	Rencana APBD (Draft APBD)
RENSTRA	Rencana Strategis(Strategic Plan)
RT	Rukun Tetangga
RTI	Research Triangle Institute
RW	Rukun Warga
SK	Surat Keputusan (Mayoral/District Head Decree)
SME	Small and Medium Enterprise
SPJM	Sasaran Pembangunan Jangka Menengah / Mid-Term Development Plan
SWOT	Strengths, Weaknesses, Obstacles, and Threats
TA	Technical Assistance / Bantuan Teknis
TLG	Target Local Government / Kab yg mendapat bantuan teknis langsung
T&P	Training and Publications
ToT	Training of Trainers
UDKP	Unit Daerah Koordinasi Pembangunan / Coordination of Development Planning Program at Sub-District Level
UNDP	United Nations Development Agency
USAID	United States Agency for International Development
UU	Undang Undang (Act)
UWNA	Urban Wide Needs Assessment
VCD	Video Compact Disc
WB	World Bank
YIPD/CLGI	Yayasan Inovasi Pemerintahan Daerah/Center for Local Government Innovation

Executive Summary

Evaluation Scope and Objectives

Building Institutions for Good Governance (BIGG) and Performance Oriented Regional Management (PERFORM) were major components of USAID/Indonesia's Strategic Objective (SO) 10: *Decentralized and Participatory Local Government Strengthened*, from FY 2001 to FY 2004, and subsequently served as a bridge to the Mission's new strategy for providing support to strengthen local governance and its principal implementation mechanism, the Local Governance Support Program (LGSP). In addition to examining the relevance, effectiveness, sustainability, and impact of BIGG-PERFORM capacity building activities, a major objective of this evaluation is to identify lessons learned and innovations from both programs for use as inputs into the design of the work plan for LGSP.

The evaluation is concerned with the following project components:

- BIGG – Core Budget and Management Training (BIGG-Core or PBB)
- PERFORM – Participatory Development Planning (PDPP)

Evaluation Methodology

Field work for the evaluation was conducted during the month of February 2005 by Henry Kellam (Team Leader), Lia Juliani, Robert Varley, and Dedi Haryati, using a structured evaluation methodology. In Jakarta, the team spent a week reviewing project documentation and other relevant materials, interviewing USAID staff and project stakeholders, and finalizing the work plan and interview guidelines. The following two weeks were spent visiting a total of 19 project sites in Central and West Java, West Sumatra and South Sulawesi, after which the team returned to Jakarta to analyze their findings and present a summary of initial conclusions and recommendations to USAID.

The team worked with USAID and BIGG-PERFORM contractor staff to select locations for site visits that would expose them to various local government models in terms of how progressive they are and how engaged they have been in program activities. Typically, the visits included sector forum discussions (emphasizing the health, education, and water sectors) and one-on-one interviews with key stakeholders.

Major Findings

BIGG-PBB and PERFORM-PDPP assisted Targeted Local Governments (TLGs) to empower local communities to plan and budget for their development aspirations while instilling the values of community participation and transparency. Both projects attracted strong interest from local governments and, in the majority of cases, realized significant changes in the way performance based budgeting and participatory development planning were implemented in the TLGs.

Interviews with former project staff and TLG counterparts at each of the sites visited indicated they had a clear and common understanding of the purpose, goals and objectives of both programs. Similarly, the TLG officials, Non-Government Stakeholders (NGS), and partner universities involved in the projects were able to differentiate between BIGG and PERFORM activities and results.

Both program components achieved their broad objectives during a period when it was extremely difficult to deliver assistance and measure cost-effectiveness at the local government level in Indonesia. The two programs operated in parallel in an environment where major laws and regulations affecting the operation of local government administrations, electoral governance, and citizen empowerment were still in their infancy. Although the evaluation found no evidence of deliberate integration of the planning and

budgeting functions until 2004, there was evidence of spontaneous and adaptive initiatives being taken to link the two functions based on needs identified during budgeting activities and planning approval cycles.

The achievements of BIGG and PERFORM are not directly comparable, due to fundamental differences in political time horizons, objectives, constraints, and resources. There were strong contrasts with respect to the design of the training components, local ownership, and organizational culture.

BIGG used a training model and entry points that gave strong ownership to the local government bureaucracy and provided flexibility for higher profile planning and extension of financial management reforms. The project's low profile and use of a core staff of permanent professionals, leveraging the local governments' own resources, help to explain its cost-effectiveness. The monitoring and evaluation (M&E) function was built into management, much as in a private company, and the relevant reports were well organized, accessible, and verifiable.

PERFORM delivered services by subcontracting technical assistance consultants and introducing knowledge management (including seminars, study visits, etc.) The emphasis was on the actual planning process and greater community involvement rather than on specific outputs.

PERFORM-PDPP Impacts and Lessons Learned

The PDPP approach did a good job in promoting concepts of participatory planning in TLGs, and there was evidence that these concepts were replicated in other local governments as well. On-site interviews revealed that the approach has improved communication and working relationships between local governments, NGS, and the community, which in turn have increased the levels of trust, transparency, and accountability.

By expanding the number and diversity of stakeholders involved in the decision-making process and encouraging information-sharing, PDPP contributed to greater community understanding of development issues and improvements in the quality of inputs feeding into the planning process. Because the PDPP approach emphasizes the use of needs assessment, priority-setting, and the involvement of NGSs in building support for project proposals, a high percentage of TLG staff interviewed felt that PDPP had helped them to better understand and perform their jobs. Many TLG planners also stated that the PDPP approach had built their capacity to lobby for private investment and donor aid for their communities.

BIGG-PBB Impacts and Lessons Learned

BIGG demonstrated the capacity to deliver very high-quality, focused training at modest cost using Trainer of Trainer (ToT) and Inti-Satellite training models. The BIGG approach was so successful because of its intelligent design, with attention to the most efficient and rapid delivery mechanism, entry points for signing contracts (including MOUs), minimal use of pass-through consultants, and the cascade-training model.

BIGG was good at promoting interactions between participants from line agencies, bodies, the administrative spectrum, and the legislature, which provided opportunities for expanded interactions. This provided legitimacy, structure and focus to participants to pursue their interest. For the *Dinas*, this process cannot progress very far until the banking, fiscal and regulatory apparatus are reformed and investment funds are found. The network has so far supplied one way of identifying new issues, a path for forwarding them to higher levels of government, and an arena for promoting cross-district and regional shared objectives. It has also fostered commitments to the process of engagement with DPR members that extend beyond the formal budgeting meetings.

BIGG was very successful in creating synergies with other donor and autonomous training and capacity building activities that overlapped and interacted with BIGG activities. Since the BIGG process was entirely under local government management, the SekDa was able to resolve planning and financial management issues between sector agencies, working through the coordination of a Budget Team. Members of the parliament participating in another team also had clear lines of communication.

Even local governments not participating in the BIGG program mimicked the K2K model by developing Peer-to-Peer (P2P) and Provincial models. The Provincial model absorbed some of the staff capacity resulting from decentralization by setting up provincial training centers. Specialists/trainers from the provinces joined BIGG in training and were encouraged to reach as many local governments within their region as possible. "Indonesians helping Indonesians" has been an important, if low profile, achievement of BIGG.

The most important general lesson learned from evaluating BIGG-PBB was that cultural integration should be a feature of LG technical assistance, stressing communication skills, consensus decision-making as well as voting, and time management. Incentives are also needed to motivate university, ministry and local government association personnel to assume a greater share of the workload and improve morale for the Training and Publications (T&P) team.

Key Recommendations and Guidance for LGSP

Needs Determination. The medium-term district development plan (RPJMD) framework should be a focal point for planning new activities under LGSP. Needs assessments should be built into the TLG selection process, and the assessment findings should be used both to evaluate TLG capacities to plan, budget, implement, and monitor performance, and to determine resources, problems/issues, and the current status of PDPP at all levels of stakeholder involvement.

Citizen Participation. Assumptions about the psychology that motivates citizen and public/private sector participation should be re-visited by LGSP, in conjunction with the project's media strategies and/or by contracting with universities or NGOs to undertake attitude studies and surveys. In addition, LGSP should monitor and assist the development of proposed new regulations to encourage citizens to lobby for improved public performance.

Role of Legislative Bodies and Other Government Counterparts. The team found that the designation of *Bappeda* as PDPP's principal counterpart organization may have unnecessarily limited the authority and actions of other LG counterparts, particularly since *Bappeda* is a body operating under the auspices of PemDa. LGSP might want to rethink the roles and responsibilities of key counterparts involved with participatory development activities.

District Plans. Many LG staff stated that it was difficult to wait until all information and planning documentation had been gathered before producing a "final plan". With respect to this issue, planning should be done incrementally, beginning with a preliminary planning document that is kept open to allow for updating and amendment as new information becomes available. Updated versions of the plan should be prepared and released at fixed intervals, typically coinciding with the budget cycle. The individual LGs should define this timeline and associated milestones for each step in the planning process.

Impact Measurement. In the absence of obligatory or 'minimum service standards', the impact of PDPP in stimulating investment in the private sector and encouraging positive growth patterns is almost impossible to measure at this time. Requiring direct involvement of the sectors from the beginning will help ensure that 'strategic thinking' mechanisms are incorporated into the overall planning and budgeting

process. TLGs must be able to clearly define how the budget responds to various sector priorities identified in medium-term plans, based on 'standardized' performance based budgeting methods.

Integration of Planning Tools and Applications. PDPP has not directly addressed such city planning issues as zoning ordinances and urban master plans, nor does it effectively promote Geographical Information Systems (GIS) applications. GIS tools should be incorporated into the design of LGSP, drawing, for example, on the expertise of USAID's ESP program. LGSP might also consider requesting assistance from U.S. cities through the "twin-cities" or "resource-cities" programs in such areas as zoning, mapping (GIS), and city master plans, etc.

Synergies with Sector Programs. LGSP should have a proactive role in coordinating inputs from other USAID sector programs to collaborative efforts, given the project's integrated design. Such inputs can also serve to improve the strategic content of LG plans and establish sector specific "service standards" that provide clear indicators for integrating performance-based planning and budgeting strategies.

Performance Monitoring. Many TLGs now have the capacity and sophistication to undertake M&E in ways that will have a positive impact on long-term decision-making and performance. Under LGSP, serious consideration should be given to employing full-time M&E staff and/or to bringing in short-term consultants to support M&E activities in coordination with other USAID funded sector programs.

Media Strategy. In general, LGSP should support the local media in communicating the principles of good governance and other issues in the public interest. The media strategy should also involve local NGSs in "deconstructing" the myth of government control, and "reconstructing" public education on anti-corruption and community participation in local government through informal channels. LGSP should consider recruiting a fulltime media specialist for its Jakarta office and employing media relations officers in regional offices.

Information Management. LGSP should consider contracting with YIPD/CLGI to manage information as well as to provide support in such areas as qualitative assessment, use of e-government systems to promote transparency, civil service restructuring, revenue generation, and development of public-private alliances. YIPD is also a possible long-term home for the Local Government Data Bank, building on this organization's existing role as a local governance information clearinghouse.

University Linkages. As the universities are key to seeding and institutionalizing decentralized participatory planning, their roles and responsibilities should increase under LGSP. In addition to the responsibilities set forth in their existing MOUs, the universities should be integrated into strategies involving the media and YIPD. With respect to the role of universities in training activities, care should be taken to identify and work exclusively with university staff who are familiar with adult learning techniques and are open to providing training in an interactive manner.

Replicability and Scalability. The PBB approach is both replicable and scalable in the sense that it can add new procedures to accommodate expected new legal regulations on bookkeeping and accrual accounting. It is advisable to move ahead without waiting for implementing regulations from the central government. Empowering local governments by giving them a framework for basic decision-making and priority setting is a basic principle to be applied in local government assistance at this stage.

Sustainability of PBB Training Efforts. Sustaining the BIGG program for training in Local Government Financial Management outlined in the BIGG Final Report involves retaining and improving the consulting/training models and *inter alia:*

1. Ensure that training materials are archived, accessible, and presented in standard formats. The facility should include a reference library and computerized access to all source files, and a well designed and maintained website.

2. Give priority to rapid establishment, even as an interim solution, so that BIGG training materials can be updated and there is a budget for copying and distributing them.

3. Identify an organization capable of performing these functions and design an endowment mechanism and secure foundation support to ensure sustainable grant funding for at least a ten-year period. The BIGG Final Report suggests that the Center for Local Government Innovation (CLGI), APEKSI, APKASI, the University of Gajah Madah, the University of Hasanuddin, and the University of Cenderawasih could fulfill the distribution function, but these entities vary in organizational capabilities. All are likely to require some level of continued USAID support to update and implement the training materials with local governments, particularly the two local government associations.

4. Extend the capabilities of the organization to deliver support relating to current regulations over the entire country and encourage application of international standards for budgeting and finance in local governments.

5. Extend the scope or menu of training materials to address accounting issues and help resolve current differences between the MOF and MOHA charts of accounts.

6. Further integrate the planning and budgeting of capital and operating budgets to reach higher levels of budget coverage, with coherent goals, objectives and performance indicators.

7. Implement an expanded sustainability matrix using the version contained in the BIGG Final Report, and describing target budgeting behaviors at graduated stages. Planning behaviors should also be incorporated and reflect lessons learned with PERFORM implementation of PDPP.

8. Develop a media strategy that increases citizen involvement in decision-making and that integrates NGOs and the media into the process.

9. Engage MOHA in BIGG-PBB programs.

10. Extend the use of focus areas and pilot projects for future areas of support for improvement of service delivery standards and assumption of appropriate areas of environmental, water resource management and social interventions.

Other Considerations for the LGSP

LGSP should consider how PERFORM entry points can best be linked to BIGG procedures and networks where they have complementary objectives, while recognizing the likelihood that LGs will be able to implement the PBB design and formal reporting/accounting requirements long before the planning system can produce short and medium term budgets that are accepted as legitimate. As current practices at the LG level tend to separate budget formulation from strategic planning and program formulation, medium-term and long-term considerations are often overlooked. LGSP must continue to encourage both the national and local level governments to establish clear regulations that provide a formal structure for the strategic planning and budgeting consultation process. It may not be possible to achieve full integration of planning and budgeting under LGSP until such a process is in place and accepted by LGs.

The LGSP should move slowly at first when integrating PDPP/PBB mechanisms. The foundation for the integration should be based on performance information that enables TLG management to focus better on serving stakeholders and to measure the extent to which expected results have been achieved. Performance feedback should be presented in parallel to budget proposals. Reports should be quantitative, illustrating the level for achievements for activities, outputs, and workload statistics as well as objectives and results.

New or improved models to combine planning with budgeting should be integrated at all stages of planning, programming and monitoring as well as within overall management systems and the management culture. There is a need for a planning approach that establishes priorities and the financial ceiling for the budget exercise. Because the link from data to information and knowledge becomes weaker when moving from inputs to activities, results, and objectives, all stakeholders need to be involved early in the planning and budgeting process.

The Joint Coordination Unit (JCU) established by PERFORM and BIGG in 2004 should assume a proactive role in the planning and budget consultation process and should take the lead in defining and developing opportunities for "synergy" in order to lay the blueprint for program integration under LGSP. The LGSP should reassess the JCU's structure and composition to ensure that this unit includes representation from key sector programs and organizations as well as 'high-level' involvement from stakeholders that can function as a 'steering committee' for LGSP for the next five years. The LGSP must also build in exit strategies for the JCU to ensure sustainability.

The greatest legacies of both programs are the people who participated in program implementation. Most of these ex-staff were successful in developing and nurturing strong relationships and trust among TLGs. LGSP must 'get back on the saddle' quickly so as to maintain continuity of relationships and networks built under PERFORM-PDPP and BIGG-PBB and to avoid losing key staff to other opportunities. Consideration should be given to involving TLGs in the selection of community coordinators and facilitators, to help promote a sense of ownership.

Map of BIGG's Project Activities in Indonesia

Map of PERFORM PDPP Project Activities in Indonesia

REPUBLIC OF INDONESIA

WEST SUMATERA

WEST IRIAN JAYA

SOUTH SULAWESI

PAPUA

WEST JAVA **CENTRAL JAVA** **EAST JAVA**

West Sumatera	West Java	Central Java	East Java	South Sulawesi	West Irian Jaya	Papua
1. Kota Padang	1. Kota Depok	1. Kota Salatiga	1. Kota Madiun	1. Kota Makassar	1. Kota Sorong	1. Kota Jayapura
2. Kota Bukittinggi	2. Kota Bekasi	2. Kab. Pati	2. Kota Mojokerto	2. Kota Parepare	2. Kab. Sorong Selatan	2. Kab. Jayapura
3. Kota Solok	3. Kota Bogor	3. Kab. Blora	3. Kota Batu	3. Kab. Maros	3. Kab. Manokwari	3. Kab. Merauke
4. Kota Pariaman	4. Kota Banjar	4. Kab. Boyolali	4. Kab. Pacitan	4. Kab. Pinrang	4. Kab. Fakfak	4. Kab. Mappi
5. Kota Padang Panjang	5. Kota Bandung	5. Kab. Wonogiri	5. Kab. Bangkalan	5. Kab. Sinjai	5. Kab. Teluk Bintuni	5. Kab. Boven Digoel
6. Kab. Padang Pariaman	6. Kota Cimahi	6. Kab. Semarang	6. Kab. Jombang	6. Kab. Wajo	6. Kab. Wondama	6. Kab. Mimika
7. Kab. Agam	7. Kota Tasikmalaya	7. Kab. Klaten	7. Kab. Probolinggo	7. Kab. Polewali	7. Kab. Kaimana	
8. Kab. Tanah Datar	8. Kota Cirebon	8. Kab. Purworejo	8. Kab. Malang	8. Kab. Majene		
9. Kab. Limapuluh Kota	9. Kab. Sukabumi	9. Kab. Kebumen	9. Kab. Blitar	9. Kab. Mamuju		
10. Kab. Pasaman	10. Kab. Cianjur	10. Kab. Banyumas	10. Kab. Tulungagung	10. Kab. Gowa		
11. Kab. Sawahlunto Sijunjung	11. Kab. Garut	11. Kab. Kendal	11. Kab. Ponorogo	11. Kab. Bantaeng		
	12. Kab. Sumedang	12. Kab. Banjarnegara	12. Kab. Banyuwangi	12. Kab. Soppeng		
	13. Kab. Indramayu	13. Kab. Pemalang		13. Kab. Sidenreng-Rappang (Sidrap)		
	14. Kab. Purwakarta	14. Kab. Magelang		14. Kab. Mamasa		
	15. Kab. Karawang					
	16. Kab. Bekasi					

BIGG – PERFORM Projects Sites Visited by Evaluation Team

Team A: S Juliani; Henry Kelam III	Team B: Dedi Hariadi; Rob J. Varley
Feb 07 Solo	Feb 04 Jogja
Feb 08 Sukoharjo	Feb 07 Kebumen
Feb 09 Semarang	Feb 08 Sleman
Feb 11 Pati	Feb 11 Jogja, Solo
Feb 12 Semarang	Feb 12 Boyolali
Feb 13 Semarang	Feb 13 Surabaya
Feb 14 Semarang - BukitTinggi	Feb 14 Malang
Feb 15 Solok	Feb 15 Surabaya - Makasar
Feb 16 Padang Panjang	Feb 16 Gowa
Feb 17 Bukittinggi	Feb 17 Pinrang
Feb 18 Padang	Feb 18 Takalar
Feb 19 Padang – Jakarta	Feb 19 Makassar-Jakarta

I. Introduction

A. Evaluation Scope and Objectives

This report presents the results of an independent final evaluation of capacity building programs for Indonesian local governments implemented by the Building Institutions for Good Governance (BIGG) and Performance Oriented Regional Management (PERFORM) projects. BIGG and PERFORM were major components of USAID/Indonesia's Strategic Objective (SO) 10: *Decentralized and Participatory Local Government Strengthened*, from FY 2001 to FY 2004 and subsequently served as a bridge to the Mission's new strategy for providing support to strengthen local governance and its principal implementation mechanism, the recently-awarded Local Governance Support Program (LGSP). In addition to examining the relevance, effectiveness, sustainability, and impact of BIGG-PERFORM capacity building activities, a major objective of this evaluation is to identify lessons learned and innovations from both programs for use as inputs into the design of the work plan for LGSP.

The evaluation is concerned with the following project components:

- BIGG – Core Budget and Management Training (BIGG-Core or PBB)
- PERFORM – Participatory Development Planning (PDPP)

The Statement of Work (SOW) in *Appendix 1* includes a summary of other components of BIGG and PERFORM.[1]

B. Evaluation Methodology

Evaluation Methods and Criteria

Field work for the evaluation was conducted during the month of February 2005 by Henry Kellam (Team Leader), Lia Juliani, Robert Varley, and Dedi Haryati, using a structured evaluation methodology. In Jakarta, the team spent a week reviewing project documentation and other relevant materials, interviewing USAID staff and project stakeholders, and finalizing the work plan and interview guidelines. The following two weeks were spent visiting project sites in West and Central Java, West Sumatra and South Sulawesi, after which the team returned to Jakarta to analyze their findings and present a summary of initial conclusions and recommendations to USAID.

The evaluation team's itinerary is provided in *Appendix 2*. The team worked with USAID and BIGG-PERFORM contractor staff to select locations for site visits that would expose them to various local government models in terms of how progressive they are and the level of community engagement and citizen participation in program activities. Typically, the visits began with the appropriate protocol (Mayor's or District Head's office, *Bappeda*, and sectoral units or *Dinas*) and included sector forum discussions (emphasizing the health, education, and water sectors) as well as interviews with as many local NGOs and stakeholders as possible within the time allotted.

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[1] For PERFORM, these were Administrative Centralization Policy and Fiscal Decentralization Policy. For BIGG, they were Resource Cities and Local Government Associations.

Specific criteria or themes considered in the evaluation of BIGG-Core and PERFORM-PDPP include the following:

- Quality and effectiveness of program approach in promoting transparency, accountability, and efficient delivery of basic services on the part of local governments

- Quality and effectiveness of mechanisms for ensuring maximum citizen participation in the planning and budgeting process

- Relevance, effectiveness and efficiency of TA and training approaches with respect to capacity-building, buy-in, assimilation, and sustainability

- Relevance and effectiveness of linkages of participatory planning and performance-based budgeting to district-level plans and budgets

- Quality of synergies and compatibility between BIGG and PERFORM

- Program impact on local government development priorities and institutions

- Program impact on improvements in local government service delivery and financial efficiency

- Overall program sustainability in terms of institutionalization and replication of best practices

- Relevance of program approaches and innovations to LGSP.

Lists of documents consulted and individuals and organizations contacted, by location, are provided in *Appendix 3* and *Appendix 4*, respectively. *Appendix 5* and *Appendix 6* contain material prepared by USAID/DDG for the evaluators' use in refining the evaluation criteria.

Limitations

A key constraint faced by the evaluators was the timing of this final evaluation. Because both BIGG and PERFORM closed down in January 2005, shortly before the team assembled in Jakarta, the evaluators were not able to interview many of the contractors' key personnel and other relevant staff while they were still under their respective contracts, in order both to check facts and to obtain first-hand insights on program achievements, challenges, and impacts. Fortunately, the Chiefs of Party for both contracts were still in Jakarta and cooperated fully with the evaluators. The team was also able to interview a significant number of program counterparts, stakeholders, and beneficiaries in the course of their field investigations. Finally, the team was given full access to the extensive documentation produced by BIGG and PERFORM during program implementation.

C. Background

Decentralization and Development in Indonesia

Decentralization and democracy are means to an end. The end is social well-being, provision of services, and participation in governance. A genuine democracy and decentralization should establish these conditions at a bare minimum. Institutionalization of community participation in decentralized local government would be a factor contributing to that end.

Since the fall of the Soeharto regime in 1998, there have been tremendous institutional and policy changes in Indonesia. These changes include, among others, the formation of political parties, the institution of free elections, the adoption of a constitution guaranteeing freedom of expression and association, and the devolution of most government functions to the local level. They also opened up the political space for citizens to engage in local governance, consolidating democratic reforms. Indonesia in now moving rapidly from one of the world's most centralized governing systems to one of the most decentralized and, at the same time, the Indonesian economy has returned to a growth path after several years of economic turmoil.

Indonesia enacted two decentralization laws (Law 22/1999 and Law 25/1999) in mid-1999. On January 1, 2001, approximately two million employees, almost two-thirds of the central government workforce, were transferred to local governments. Contrary to predictions of a national breakdown, the transfer of authority has been relatively successful. The central government apparatus of control and service delivery was rapidly dismantled and handed over to local governments. Local governments have since been responding positively to their new authorities and continuing to provide a range of key services to their citizens. However, for many local governments, this local autonomy is proving difficult to implement because of the insufficient specialized capabilities available at the local level in administration, budget and financial management, and accountability linked to the development planning process.

Legal Framework for Decentralization

The original decentralization laws (UU 22/1999 and UU 25/1999), dealing with governance and fiscal matters respectively, became effective in January 2001 and have led to a fundamental shift in Indonesia's governance and service delivery. All government functions apart from national economic and monetary affairs, defense, legal and judicial systems, and international relations have been devolved to the city/district (*kota/ kabupaten*) level.

> *Laws 22/1999 and 25/1999 were replaced by Laws 32/2004 and 33/2004, respectively. However, the thrust - and many weaknesses - of the original laws remain, and several changes will impact the LGSP, including:*
> * *Direct elections of local heads of government (PilKadaL) and associated changes in accountability*
> * *Provincial review of local budgets*
> * *Increased roles for provinces*
> * *More central government control over donor funding for local governments*
> * *Changes in definitions of "deconcentration" and "assistance" activities*

Law 22/99 empowered local legislative councils (DPRDs) to select local government leaders and made the councils responsible for budgeting and oversight and local government performance. The district executive (*Walikota/Bupati*) is appointed for a five-year renewable term by the DPRD. The major political parties and factions appoint members of the DPRD.

Indonesia's Fiscal Decentralization Law (UU 25/1999) mandated that the central government share revenues with local and provincial governments. At least 25 percent of total national revenues are to be channeled to the local level through the general allocation grant (DAU). The law also mandated the allocation of special grants for specific purposes (DAK) and a further sharing of portions of national tax and natural resources revenues. For the majority of districts, the DAU constitutes 70 percent of their revenues, with an additional 15 percent coming from shared taxes and other central government transfers.

Both decentralization laws were revised in 2004. The revised Law on Local Government (UU 32/2004) and the revised Law on Fiscal Decentralization (UU 33/2004) shifted some responsibilities

back to the provincial government level, introduced direct election of local heads of government, and provided a framework for obligatory functions and minimum service standards for local governments. With respect to the local government budget function, Law 32/2004 can be interpreted – to a certain extent – as reducing the local autonomy of the districts and municipalities in that it states that the district or municipal budget must be "signed" by the provincial governor within 15 days of its submission to the governor's office.

Law No. 17/2003 on State Finance and the newly enacted Law 25/2004 on the National Development Planning System, as well as the new government regulations PP20/2004 and PP21/2004, now provide a multi-year framework for planning and budgeting. The revised fiscal decentralization law outlined some changes vis-à-vis its predecessor in the fiscal balance between the central government and local governments and formulas for revenue dividends.

However, these new laws have yet to be equipped with implementing regulations, creating the potential for inconsistencies and ambiguities in their implementation at the local level. Of particular concern is the continued lack of clear, complementary roles for national and local institutions. As with most laws in Indonesia, the real impacts will only be seen when supporting regulations and associated guidelines are prepared and disseminated.

USAID Country Strategy for Indonesia

BIGG and PERFORM were developed and largely implemented under USAID's 2001 – 2005 Country Strategy: *Transition to a Prospering and Democratic Indonesia*, which moved beyond the crisis response interventions of the late 1990s to a focus on establishing the foundations for priority economic, social, and political reforms. Activities were designed to accelerate Indonesia's democratic transition; promote economic recovery and growth; facilitate Indonesia's decentralization process; reduce the threat of conflict in strategic areas; strengthen natural resource management; and improve the health of vulnerable populations.

SO 10: *Decentralized and Participatory Government Strengthened*, was created in response to the enactment of Indonesia's 1999 decentralization legislation and included four Intermediate Results (IRs):
  - IR 1: Appropriate Environment Established to Enable Effective Local Government
  - IR 2: Local Government Capacity Strengthened to Deliver Effective Services
  - IR 3: Participation Increased in Local Government Decision-Making
  - IR 4: Associations of Local Governments and Officials Established as Advocates

USAID/Indonesia's decentralization strategy was shaped by the former Office of Decentralized Local Government (DLG) into a program that emphasized policy assistance and working directly with local governments to strengthen core budgeting and planning capabilities. BIGG and PERFORM, which were launched in October 2000 and April 2001, respectively, became USAID's principal vehicles for providing this capacity-building assistance.

For the current planning period 2004-2008, USAID/Indonesia's Country Strategy is *Strengthening a Moderate, Stable and Productive Indonesia*[2]. The new strategy reflects a significant shift in focus from central government partners and processes to more direct engagement with Indonesia's citizens, communities, the private sector, and local governments. Under a new IR to support good local

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[2] USAID Strategic Plan for Indonesia 2004 – 2008

governance under the *Democratic and Decentralized Governance* SO, a core package of decentralized local governance support activities will be used in areas where USAID-supported education, basic human services, and democracy initiatives are implemented. The IR anticipates that USAID assistance can play a critical role in translating core concepts of local-self governance into effective practice at the local level.

D. Organization of this Report

The next section (Section II) presents the evaluation team's findings, conclusions and recommendations with respect to PERFORM-PDPP. Comparable information for BIGG-PBB is presented in Section III. Section IV provides a more general summary of major conclusions and recommendations, with emphasis on the synergy and compatibility of the two programs. Throughout the report, lessons learned and recommendations of particular relevance to LGSP are highlighted.

II. PERFORM - PDPP

A. Project Description

In accordance with the Statement of Work and in order to provide useful inputs for the new Local Government Support Program (LGSP), this evaluation is concerned with the capacity-building components of the PERFORM Project and, particularly, with "the extent to which the activities supported by PERFORM-PDPP successfully met the needs of local governments and equipped them with an administrative toolkit that allowed them to more effectively carry out the duties and responsibilities under Laws 22 and 25."

Implementation of PERFORM's Participatory Development Planning Program (Program Dasar Pembangunan Perkotaan or PDPP[3]) was the third and largest task[4] in the task order that USAID/Indonesia awarded to Research Triangle Institute (RTI) in April 2001. The principal objective of this task (Task C) was to develop local government capacities to prepare medium-term development plans that engaged significant levels of stakeholder participation in setting priorities and making decisions about local government development investments. A secondary objective was to develop an appropriate policy and procedural environment for effective medium-term planning by decentralized local governments.

The PDPP Approach

The PDPP approach is based on a local development planning and capacity building process/tool that gained popularity in Kenya in the 1970s.[5] The PDPP design – as applied to Indonesia - evolved from the experience of a number of USAID programs, dating from the regional Provincial Development Program (PDP) that started in 1974 and continued until the late 1980s.

Following PDP, USAID funded two phases of the Municipal Finance Project (MFP). MFP supported private sector participation initiatives in the water sector, implemented the Urban Management Training Program, established the Urban Policy Monitoring Indicators, initiated performance monitoring of local utilities (PDAMs), and synchronized other donor technical assistance efforts in municipal finance. However, it was MFP's successor, CLEAN-Urban, that contributed the most to the PERFORM – PDPP process as it exists today. The CLEAN-Urban design focused on building the management and political capacities of large numbers of Indonesian local governments in three areas:

1. Increased community participation in local government decision-making, specifically issues pertaining to urban environmental infrastructure

2. Improved regulatory framework with clear roles and responsibilities for all levels of government in the provision and financing of urban services

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[3] 'PDPP' stood for 'Program Dasar Pembangunan Perkotaan' from June 2000 to June 2003, after that is was renamed 'Program Dasar Pembangunan Partisipatif'.

[4] Task A (Fiscal Decentralization Policy Assistance) and Task B (Administrative Development Policy Assistance) of the PERFORM Project were not evaluated except with reference to laws, decrees and strategies that supported capacity building measures under PERFORMs PDPP.

[5] The model was adapted from the WWII 'log-frame' and subsequently gave rise to such participatory local level planning approaches such as Participatory Rapid Analysis (PRA), Goal Oriented Project Planning (GOPP), etc.

3. Improved administrative and financial management capacity of local governments.

The PDPP[6] component of CLEAN-Urban made important advances in the development of a model for 'bottom-up' strategic planning, which was approved for use by MOHA and applied in local governments (LGs) in the latter stages of the program. However, according to the CLEAN-Urban Final Evaluation Report, "In terms of sustainability, CLEAN-Urban left behind a greater impact on local residents than planning officials."[7]

Bottom-up Planning in Indonesia

National Level or *Pusat*

⬆

Province or *Propinsi* (often referred to as *Tingkat I* or Level I)

⬆

District or *Kabupaten* (*Tingkat II* or Level II)

⬆

Sub-district or *Kecamatan*

⬆

Village (*Desa or Kelurahan*)

When both PERFORM and RTI's task order were extended in 2003, the number of local governments to be covered under the PDPP component was increased from 30 to 80 in seven provinces.[8] PERFORM was also mandated to tailor the PDPP approach to accommodate the performance-based budgeting models/systems being introduced and supported by BIGG-Core, and to coordinate activities more closely and pro-actively with existing USAID funded health, education and water programs.

The core characteristic of the PERFORM-PDPP process was 'learning-by-doing', or as PERFORM's motto put it, "turning knowledge into practice". The process was designed to:

- Establish the priorities and needs of the local government and its citizens;

- Involve a wide audience in the planning and budgeting process;

- Address investment across all sectors and from all possible funding sources; and

- Inform the local budget on an annual and multiyear basis.

The following diagram illustrates the final stages of the PDPP process.

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[6] CARE (a CLEAN/RTI subcontractor) actually introduced PDPP. When CARE's role under the CLEAN-Urban contract shifted, much of the PDPP work was continued by RTI/PERFORM staff and carried out by local government officers.

[7] See 'Final Evaluation of the CLEAN-Urban Project', H. Evans et al., December 2001.

[8] Some TLGs characterized PERFORM as "quick in, quick out." The reason is that PERFORM's extension allowed for only about nine months of TA in 50 new TLGs, with the expectation that there would be a seamless transition into a follow-on TA program (LGSP). That seamless transition did not materialize and PERFORM, which had ramped up for doing 100 TLGs in 2005, had to close down before the new contract was awarded.

Courtesy of PERFORM (please visit): *http://www.perform.or.id/*

Program Implementation

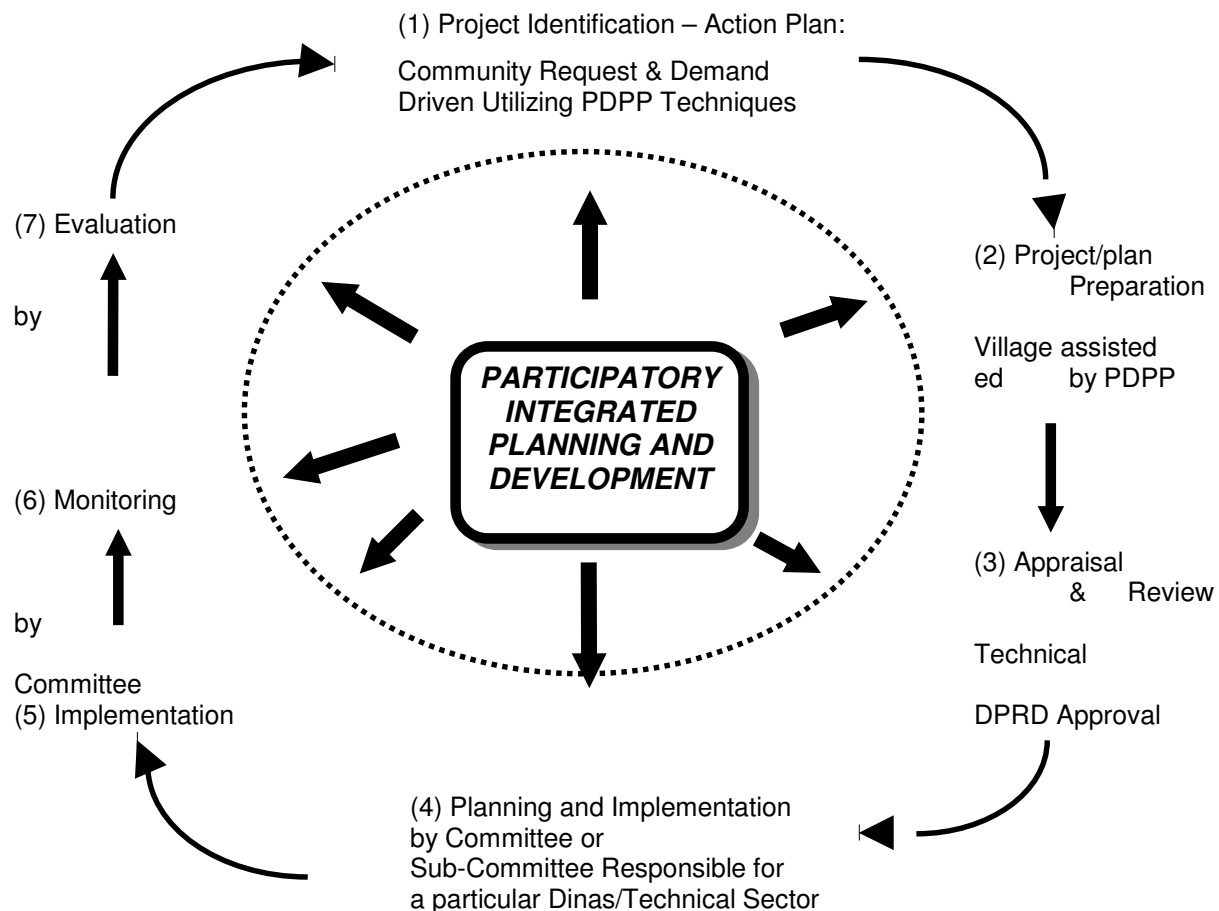PERFORM-PDPP's implementation strategy evolved over time to include four objectives:

1. Strengthen Strategic Partners to Provide Independent Services for Participatory Local Development Planning and Budgeting

2. Build Local Technical Capability for Preparing and Implementing Participatory Multi-Year Development Programs and BudgetsSupport Local Regulations and Decisions on Participatory Development Planning and Budgeting

4. Safeguard Participatory Local Development Planning and Budgeting Systems and ProceduresThe final evaluation of CLEAN-Urban found that this project had achieved "notable success" in the development of new methodologies for local development planning. However, by the time PERFORM-PDPP began in early 2001, Indonesia's new decentralization laws were in effect and local governments needed capacity to plan for all sectors rather than only infrastructure. In particular, local governments needed planning toolkits and improved capacity to encourage communities to develop their own priorities with the district administration. This required participatory entry points for citizens, Non-Government Stakeholders (NGSs), universities, the business community, and local political leaders.

In response to this need, PDPP worked with stakeholders, including both civil society and local government institutions, to introduce two steps in the participatory planning process, the Community Needs Assessment (CNA), and the stakeholders' forum for the Urban Wide Needs Assessment (UWNA)[9].

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[9] 'The Current Status of the PPDP', Risfan Munir, PERFORM, 2003.

Typical PDPP Project & Planning Cycle for
Community Demand Driven Processes

(1) Project Identification – Action Plan:

Community Request & Demand
Driven Utilizing PDPP Techniques

(7) Evaluation

by

**PARTICIPATORY
INTEGRATED
PLANNING AND
DEVELOPMENT**

(2) Project/plan
         Preparation

Village assisted
ed   by PDPP

(6) Monitoring

by

Committee
(5) Implementation

(3) Appraisal
      &   Review

Technical

DPRD Approval

(4) Planning and Implementation
by Committee or
Sub-Committee Responsible for
a particular Dinas/Technical Sector

B. Findings

Mechanisms for Ensuring Maximum Citizen Participation

The main strategy PDPP utilized for obtaining citizen inputs was organizing forums and technical committees. In community forums (a village and/or group of villages), bottom-up participatory planning approaches were used to ensure citizen participation in order to identify needs, establish priorities, and develop community action plans. In the stakeholders' forum, members could represent any interest group in the city/district and function as counterparts for the technical team in such areas as problem solving, needs assessment, visioning, strategic formulation, mid-term programs, action plans, annual review, and monitoring and evaluation.

From interviews conducted with stakeholders at selected PDPP project sites, the evaluation team found that PDPP Model Forum was perceived as being most responsive to community needs and aspirations in the following key areas:

- Community discussions and problem identification regarding the performance of important public services delivery, such as health, education, water, roads, street vendors, power, etc. Communities wanted to be part of the decision making process in order to improve and monitor these services.

- Ability to request the organization of public hearings to evaluate LG policies that most affected them, such as increasing tariffs or fees and altering public transportation routes.

- Increased citizen awareness, leading to effective monitoring of public policies relevant to the communities.

- Opportunities to debate decisions that did not meet their needs and aspirations, and in some cases, appeal these decisions.

- Ability to lobby the LG based upon legitimized needs outlined in community action plans.

LG 'technical teams' (Tim Teknis), supported by PERFORM-PDPP consultants, were appointed to assist the Model Forums. These technical teams were divided into five sub-teams or working groups (*PokJas, Kelompok Kerja*), covering strategic programming; urban capital investment; urban financial management and action plans; institutional development and action plans; and development with people. Based on ongoing experience, the implementation of PDPP included:

- Linking the process at the community level to the district/urban level.

- Selecting members of the stakeholders that balanced interest groups and LGs.

- Matching member's education/experience background to appropriate teams.

- Stressing the importance of implementing participatory planning to the top executives in the local government, as well as to the local parliament.

Based on the team's findings, PERFORM-PDPP met many roadblocks[10] along the way, including: (1) the required political support of the Mayor, District Secretary and politicians often rotated, creating an inconsistent environment; (2) because local elites tended to dominate decision making through the electoral process, popular participation was in some locations more of an aspiration than reality; (3) community coherence, common community needs/interest and commitment were often absent in the larger urban areas; (4) PDPP sometimes carried out community based planning on an ad-hoc or piece-meal basis, where so many community plans are required in larger centers; (5) there was insufficient emphasis on innovative selective strategies (target-specific to the local center), using the media effectively as well as the NGS, universities, etc., (6) legal regulations at the LG level were inadequate to ensure entry points for community participation; (7) coordination between *Pokjas* (as a stakeholder forum) and *Dinas* (as a technical unit of LG) was often lacking; (8) there was a lack of initiative among *Pokjas*; and (9) there was a lack of funding for all stages of PDPP implementation.

Implementation of PDPP at the *kecamatan* (sub-district) level varied greatly from LG to LG visited by the team. While the evaluators found cases, particularly in smaller sub-districts, where community

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[10] Further addressed in Section II-C: Conclusions and Recommendations

plans had been prepared and effectively incorporated into district and sector plans, they also found a lot of inconsistencies in the way community priorities were actually reflected in the final plans. For example, sector priorities related to public services (health, education, water) generally were reflected in district plans because district staff followed through on the planning process for their respective sectors; however, the needs of women's groups, the media, and other interest groups were often overlooked during final plan preparation.

Requiring direct involvement of the sectors from the very beginning can help ensure that 'strategic thinking' mechanisms are incorporated in the overall planning process. For example, the LG in Padang Panjang, West Sumatra, was successful in incorporating sector integration, as well as the media, in the PDPP process by involving the health, education, PDAM, agriculture sectors, and NGS from day one. They also claimed to rigorously monitor and evaluate approved projects and update plans accordingly. Sector representatives and district planning staff interviewed were able to clearly define how the budget responded to various sector priorities identified in medium-term plans. By example, they explained how the health and education budget had increased from year to year based on performance based budgeting, and how the PDAM had gone from red to black in a two-year period after a performance based district water plan was put in place. The evaluators also made note of the local radio station representative's deep knowledge of the status of development plans.

Approximately one-half of the LG Planning and *Dinas* interviewed were not able to identify specific district objectives that were strategic in nature. Plans generally contained a good inventory of the district and incorporated priority sector project proposals (wish lists) from community plans. In some cases, these proposals were not linked to the annual budget. In other cases, proposals developed by PDPP task forces were only partially incorporated into district plans and annual budgets. There were the general complaints about lack of funds, commitment, capacity, and political will, but most interviewees agreed that better LG regulations were required to correct the problem.

PDPP Linkages to District Plans & Stakeholder Commitment

Consistent with its participatory, bottom-up approach, PERFORM produced a series of manuals and newsletters[11] on PDPP and how the results of community/village plans and other local level mechanisms for priority setting should feed into the elaboration of sector plans and individual project plans. The entire PDPP process itself needed to be defined in a way that is not dependent on abundant resources.

In general, the evaluation team found a very high degree of commitment to PDPP in the smaller city centers because of closer working relationships amongst the relevant stakeholders. The larger the centers, the more complex the issues became for implementing PDPP. One of the most important conclusions from previous experiences with PDPP was that emphasis should be placed on finding out what stakeholders actually need (and are willing to apply), as distinct from what planners may think they need. The evaluators found that while stakeholders (*Dinas,* NGS, private sector) usually produced some form of plan and had the means to implement them, they did not always rely on the LG Planning Department (*Bappeda)* or PDPP model to do this.

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[11] However, the evaluation team saw little evidence of self-explanatory and user friendly training materials that could be used or referred to by a local facilitator (not a local staff of PERFORM or local government officials). In the view of the evaluation team and some recipient LGs, the PDPP manuals used for training teams were a bit complicated.

Lacking overall authority on budget or legal regulations, the LG "planners" had to concentrate on providing professional planning advice and coordinating the planning of the "stakeholders" in a way that follows the overall PDPP model. The only means of ensuring stakeholders' compliance would be to involve them all in the discussion process that leads to a joint agreement on priorities. In brief, both the planning process and the plan itself should be approved by all relevant stakeholders and implementing agencies. Moreover, there must be an explicit commitment by all parties to the agreement to stick to the plan and to regularly provide/exchange information on the state of implementation. The team found that the commitment of the mayor, politicians (DPRD) and the district secretaries to a plan was closely correlated with the overall level of commitment.

PERFORM was aware that TLGs do not routinely roll over/review medium-term plans on an annual basis because annual reviews are subject to public hearings in order to increase transparency and accountability in the planning and budgeting process. Despite recent legislation that requires performance-based planning and budgeting, there are still some inconsistencies in the laws, and the absence of implementing regulations allows local governments to avoid scrutiny on the performance of their plans and budgets.

Also, many LG staff stated that it was difficult to wait until all information and planning documents had been gathered before producing a 'final plan', explaining that their initial efforts to collect the information for a district profile or a situation and problem analysis would often get stuck along the way. Even if 'objectives trees'[12] were derived from the information, they often were not used to draw concrete conclusions for priority development objectives in the district. With respect to this issue, it is important not to wait until everything necessary for an "ideal" plan is available, but to start working with a preliminary planning document. Some suggested that the LG should "keep the plan as an open folder that allows for constant updating and amendment". LGs emphasized that they need a document that can easily be reproduced and distributed and that reflects the state of district planning that is valid for a predictable period of time. The general conclusion drawn by the evaluation team on this issue was that LGs should keep working on the PDPP, but should establish fixed dates (typically at the end of each year or beginning of a new year) when an updated version of the plan is to be issued. The individual LGs should define this timeline and associated milestones for each step in the planning process.

Responses to Selected Questions on the Planning and Budgeting Process

1. *What are your expectations for PDPP? What elements should be included in order that you would consider it helpful for your own task?* Respondents preferred that their district plan (via community plans) provide a common 'vision' on how best to coordinate development. They viewed the plan as a valuable tool for insuring well-balanced decision-making on developmental matters, including

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[12] An "objective tree" is constructed by arranging problems identified by planners and/or stakeholders into a cause-and-effect structure, with the core problem at the bottom of the tree. The problems are then restated as potential objectives and each objective is by participants in terms of desirability, feasibility, and relationship to the next highest objective. The objective tree usually shows a number of possible strategies or means-end links that could contribute to a solution to the problem. Objective trees are a key feature of the Logical Framework Approach to project planning, often referred to as Objectives Oriented Project Planning (OOPP) or in German *Ziel Orientierte Projek Planung* (ZOPP).

coordination, targeting, and resource mobilization. They further recommended that LG regulations be put in place to create entry points for citizen participation.

2. *Which information could/would you make available for a coordinated PDPP?* The information available from the various organizations at the LG level depended in large part on their capacities, political will and local regulations. The larger technical or sectoral units (*Dinas),* such as Health, Education, and Water, as well as the NGS, had readily available information and data, while smaller departments lacked information for measuring performance. In most cases, LG *Dinas* had some form of annual work program, and several LGs visited had begun to apply basic forms of performance-based budgeting.

3. *Would you be prepared to follow district-planning guidance for your annual planning, budget allocations and reporting? If yes, to what extent?* Respondents indicated their willingness to conform to district planning guidance if the guidance was clearly laid out and previously agreed upon. This would also depend on the level of autonomy on budgetary allocations and control. There were no objections to reporting arrangements, as most were already doing so.

4. *Do you have any basic statistics/data on your activities that you can tie to performance-based indicators?* Most *Dinas* expressed willingness to provide and compile basic statistics and data and understood the importance of developing standards to measure performance. Some LGs kept good tracking records of statistics and others were in the process of improving compilation methods. However, the team found few cases where LGs had developed performance standards on their own to measure sector indicators for PDPP. In this case, one should question the consistency of the standards at the regional and national levels.

It should be noted that, invariability, all LGs interviewed indicated a high degree of commitment and explicit interest in being included in the new LGSP. The evaluators explained that they were not responsible for this selection process and that a committee would be formed to undertake this task.

PERFORM-PDPP and the Use of the Media

The provincial government is the coordinating body for inter-regional programs in Indonesia and the entry point to PDPP for many regional stakeholders and universities. PERFORM-PDPP sought to inform provincial staff about the PDPP process and the benefits of bottom-up participatory planning approaches. The project also utilized print and broadcast media in its public awareness campaign.

After PERFORM was extended in 2003, the PDPP component began increasing coverage of citizen participation in LG planning activities through the media (radio, TV, newspapers) to ensure transparency. Emphasis was placed on educating the media concerning the PDPP process and all integrated activities. This was an important strategy, since the media can often relay mixed or confused information, particularly when it pertains to local government official or political issues. By bringing the local media into the PDPP process, they would be much more likely to convey accurate information in a timely and beneficial manner. The evaluation team members interviewed a number of radio or media groups at the local government centers they visited. In the smaller towns, they found that the PDPP media strategy worked very effectively, since everyone knew each other and working relationships (private/public sectors) were already close. By contrast, it was more difficult for PDPP to work effectively with the media in the larger, more heavily populated, urban centers. The larger the center, the greater was the number of competing media sources and the more the information began to distort issues and activities. One way to address this would be to hire full-time

employees with media backgrounds to develop and implement a concentrated media strategy in the larger urban areas. PERFORM-PDPP only had access to part-time or short-term consultants with media expertise.

PDPP TA and Training

PERFORM offered technical assistance to LGs from a menu that was flexible in the sense that LGs could choose the "menu items"[13] most appropriate and applicable to local conditions. The majority of local governments opted for Program Strategy and/or Mid-Term Development Program (village level) assistance. However, none of the local partners chose a "complete menu", resulting in a piece-meal approach to delivering assistance that subsequently seemed detached and isolated from the local government's calendar and dynamics.

Unfortunately, the evaluation team was not able to interview the PERFORM staff (with the exception of a few of the regional coordinators) in the field because the project had already closed. This made it difficult to assess the quality of the staff that provided the training and technical assistance for implementation of PDPP. Nevertheless, it is clear that the project trained hundreds of facilitators and also hired independent facilitators for PDPP preparation. Some of the LGs that were added in the final year actually paid for PDPP facilitators from their own budgets, and some provincial *Bappedas* even shared the cost with PERFORM in the new LGs, which appears to be a strong indicator of their commitment to the PDPP process.

As is often the case with programs such as PERFORM, PDPP-trained facilitators frequently left the project early. While PERFORM made efforts to train new facilitators to replace them in a timely manner, several LGs complained that they only wanted coordinators and facilitators to be selected and trained from their own community in order to ensure sustainability.

In general, LGs gave high marks to PERFORM-PDPP coordinators and facilitators. They observed that the technical assistance was consistent, demonstrated sensitivity to the uniqueness of the community at large, and was able to adapt in a flexible manner to the changing political environment. They viewed PERFORM's national, regional and liaison offices as being approachable and responsive to specific TA requests. This speaks well of PERFORM's management structure and coordination mechanisms, given the relatively large size of the project and the volatile decentralization environment. Respondents also noted improvements over the life of the PERFORM project, reflecting lessons learned from CLEAN-Urban, university inputs, recommendations from ongoing studies/evaluations, and the emphasis on performance based budgeting and sector specific involvement in the latter phases.

The Role of Universities

PERFORM signed MOUs with six of the eight universities[14] that were intended to serve as independent PDPP service providers under the project's 'exit-strategy'. Under these agreements, the universities created Centers for Participatory Planning (CPPs).

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[13] Items on the menu: Program Strategy, Institutional Development, Funding and Investment and Mid-Term Development Plan (village level). Additional item: Local Economic Development and Corporate Plan
[14] The universities were Universitas Andalas, Universitas Brawijaya, Institut Teknologi Sepuluh November, Universitas Cenderawasih, Universitas Papua, Universitas Diponegoro, Universitas Sebelas Maret, Universitas Pekalongan. PERFORM was not able to complete MOUs with universities in South Sulawesi and West Java.

The national and regional PDPP teams assisted these universities to prepare PDPP capacity building manuals and work plans. The universities developed courses and materials on participatory planning and arranged internships for students in PERFORM partner LGs. Later, their roles evolved to include strengthening LG capacity by serving as a kind of service provider to LGs and private sector stakeholders to promote PDPP and budgeting approaches, as well as by building a data base or institutional memory for PDPP. The full range of assistance provided by universities for PDPP included:

- Seminars and series papers from many perspectives, i.e., economics, sociology, agriculture development.

- Collection of academic papers related to participatory methods and concepts,

- Modules in long-term training for LG officials, political representatives and village leaders on transparency and participatory methods.

- Modules and studios based on PDPP processes for 2nd year university students.

- Internships, field studios, and training activities in district and selected villages in participatory development planning practices.

- Process documentation research (PDR) at the field studio site.

Sustainability of universities in promoting the participatory approach was to be achieved mainly through selling the published papers, incomes from long-term training, and incomes from consultancy works with government agencies related to practicing the participatory development approach.

PERFORM-PDPP Management

As shown in the accompanying chart, [15] PERFORM operated at an average cost of around $500,000 per month and trained and engaged over 250 strategic partners (independent service providers) for local development planning and corporate planning for Local Government Enterprises (LGEs).

Assistance was provided through a national office, three liaison offices in the MOF & MOHA, seven provincial and five provincial liaison offices, six liaison offices in universities, and 80 local offices in targeted LGs. PERFORM employed a staff of two resident long-term advisors (LTTA), six short-term specialists (STTA) 160 full-time local consultants, and 90 support staff.

TLG	Prov	2000	2001	2002	2003	2004	2005
100							
80	7						
70							
60							
50							
40							
30	6						
20						Burn Rate:	
10	1					$500,000 p/m	
	Staff	30	150	200	200	250	250
	SP				50	100	250
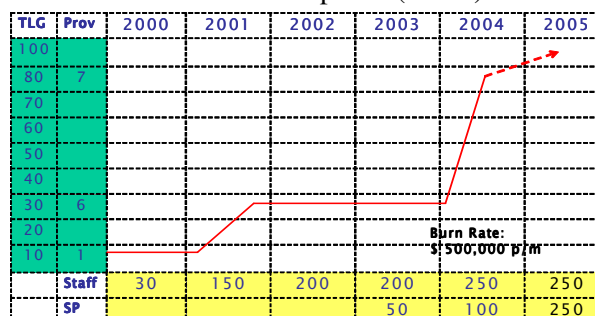
PERFORM's management structure was extremely flat. The regional managers had almost complete autonomy. The only hierarchical issue was funding, since to ensure accountability field office requests were channeled to the RTI's home office through PERFORM's and RTI's Jakarta offices, a lengthy process that slowed the transfer of funds needed for field activities[16]. Team building tended to be slow, due to training time needed to build PDPP technical skills and the varying recruitment periods. In practical terms, this affected project implementation as the learning curve of the various individuals in the team also varied greatly.

PDPP Collaboration with Other Programs

In various areas where PERFORM-PDPP operated, other donors were also implementing participatory planning initiatives. They all had their own specific agendas and objectives, but utilized participatory planning in their approaches. Some of the key players were:

- The ADB funded Sustainable Capacity Building for Decentralization (SCBD)
- Yayasan Inovasi Pemerintahan Daerah (YIPD) & Center for Local Government Innovation (CLGI)
- City Development Strategy (CDS), sponsored by the World Bank,
- Breakthrough Urban Initiatives for Local Development (BUILD), sponsored by UNDP
- PRODA-NT, sponsored by GTZ (Germany)

Although during the lifespan of PERFORM-PDPP, none of these projects were active at PDPP sites, PERFORM-PDPP staff claimed to have met other donors at different venues to discuss coordination, and referred to some of these donors in their web-site as 'project partners'. However, the evaluation team found very little hard evidence in the field to confirm that PDPP actually coordinated its

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[15] Courtesy of PERFORM (Robert van der Hoff).

[16] The evaluation team was told that this system will be streamlined for LGSP.

activities with the participatory planning activities of other donors to the extent of sharing costs, resources, staff, training efforts, conferences, publications, etc.[17]

PDPP staff did make some useful progress in coordinating with other USAID funded capacity-building projects, as they were mandated to do under the extension. For example, in 2004[18] PDPP worked with the USAID-funded LG Water Support Project assisting PDAMs in TLGs to develop corporate plans that complemented PDPP outputs and to use PERPAMSI resources at the 11 regional universities to prepare corporate plans for PDAMs not covered in the USAID water project. They also cooperated in the areas of training and technology transfer.

PERFORM and BIGG established a Joint Coordination Unit (JCU) to identify and undertake joint technical assistance activities in the interests of coordinating LG performance oriented planning and budgeting processes. PERFORM and BIGG also began integrating their annual planning and budgeting calendars, which will be introduced to LGs as a basis for technical assistance under the new LGSP.

PDPP teams recently began working with the local coordinators of other USAID partners in East Java, including the Managing Basic Education Program (MBE) and Management and Leadership Program (M&LP), in developing models for collaboration and coordinating activities at the local level. They have started worked with M&LP and MBE to link the basic health assessment model for mother and neonatal care (PROSPEK) and the primary school management improvement model (PAKEM), respectively, to the PDPP-RPJMD. The respective district health and education departments were included in these coordination efforts.

One of PERFORM-PDPP's primary concerns was the management of the large amount of information and documentation generated by TAs in 35 TLGs and 70 other LGs. The rationale was to share information with other donors and interested parties. In 2004, PERFORM developed a Management Information System that produced a Project Monitoring and Evaluation System (PMES) to assess the performance strategy for TAs, staff performance, PDPP/ CP guidelines, manuals, and training activities. PERFORM also developed a system for assessing TLG performance in preparing PDPP community/district plans and LGE corporate plans. Lastly, the project designed a system for compiling, publishing and replicating 'best tools and practices' for a broad audience. Much of this was translated in English and submitted to USAID's clearinghouse website: www.dec.org/partners/dexspublic. Because these systems contained massive volumes of diverse data, a website was developed (www.perform.or.id) as a 'one-stop shop' where interested parties could download files in both Indonesian and English.

PDPP Achievements and Impact on Stakeholders

Experiences in other countries where decentralization is relatively new suggest that participatory planning processes often take decades to take hold. Consistent with these experiences, many years of groundwork and 'hand-holding' are still needed to strengthen the coordination networks necessary for PDPP to be successful over the long term. Instilling flexibility and receptivity to change, and building trust between programs and stakeholders, are not easy to accomplish. What must also be considered is

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[17] In many cases, by default, PDPP was not able to coordinate with other donor programs. The ADB's SCBD program only started in 2004. YIPD did not do participatory planning. CDS only worked in East Java (Blitar) until 2002, but not in PERFORM TLGs. PRODA-NT worked in NTB and NTT, while BUILD worked in other areas.

[18] Until the end of the Local Government Water Supply Project (LGWS) in 2003, LGWS did its corporate planning assistance with PERPAMSI (association of PDAMs), and communications with PERFORM were very limited.

the inevitable lag-time between the enactment and enforcement of new laws and implementing regulations.

The required obligatory or minimum service standards for LGs have never been well defined, making it difficult to establish a baseline against which to measure impacts of the PDPP approach. The impact of PDPP on stimulating investment in the private sector and encouraging positive patterns is also very hard, if not impossible, to measure at this time. Moreover, PDPP has not directly addressed such city planning issues as zoning ordinances and urban master plans, nor has it effectively promoted Geographical Information Systems (GIS) that are critical for identifying disparities in virtually all areas of spatial socio-economic and physical planning.

Nevertheless, the evaluation team found PDPP achievements and impacts at both the LG and provincial government levels, as follows:

LG Level

Footprints

➢ In TLGs that had never received any direct international or national assistance in conducting a Community Needs Assessment, particularly at the LG level, PDPP became the only instrument they knew on participatory planning, with *Surat Keputusan* (SK) or PerDa experiencing the greatest impacts. In areas where civil society organizations (CSOs) had been pro-active in advocating community participation (e.g. through other USAID projects such as CSSP, or through such grantees as The Asia Foundation, Ford Foundation, and Tifa Foundation, their contributions may have expedited the issuance of an SK/PerDa on community participation.

➢ Adoption of PDPP - as an approach rather than as a product that caters to the specific needs of TLGs - is not necessarily proof of PDPP's technical input since the plans would most probably have been produced regardless of PDPP. Technical inputs, however, were provided from the village level up to the town/district level. PDPP used the existing "community meetings" structure as opposed to creating a new or parallel one. PDPP's impact, therefore, can be seen in the practical implementation of bottom up community needs assessment activities.

➢ PDPP assistance supported the development and implementation of standardized local government planning documents and the institutionalization of participatory planning practices in TLGs.

➢ PDPP assisted communities to raise their level of empowerment in order to stimulate locally driven projects. 'City forums' were formed to provide new channels for civil society organizations to communicate with local government on a regular basis. These forums evolved and, instead of one forum per city, PERFORM-PDPP encouraged numerous informal forums to address different local issues. The current forums have members who were involved in working groups (*PokJa, Kelompok Kerja*) whose discussions and dialogues fed into the LG. These forums are an important PERFORM achievement.

➢ 24 TLGs have issued executive decisions and a number of local assembly/council (DPRDs) have issued local regulations (*peraturan daerah* or PerDa) on participatory planning. Several TLGs have issued an SK or PERDA adopting their PDPP as the multi-year development framework for annual planning. This will make other LG planning efforts easier, since PDPP plans will help merge other (non-participatory) planning documents with a single (participatory) plan.

Priority Needs Assessment

➢ PDPP improved bottom-up planning approaches, while focusing attention on budget allocation to community services.

➢ PDPP assisted communities and districts to prepare prioritized development plans in lieu of "wish lists."

Ownership

➢ PDPP assisted district-planning teams to operate according to their local capacity. PDPP did not impose 'technical proficiency standards', but rather focused on procedural (step by step) approaches that encouraged ownership.

➢ PDPP assisted in 'seeding' participatory planning approaches at the university level by way of curriculum development and getting the universities involved in plan preparation.

➢ PDPP helped to motivate TLGs to optimize organizational performance through streamlining or enhancement of their status and level of organization.

➢ PDPP assistance to non-government stakeholders and the media led to a more fairly balanced sector budget and spending.

Training

➢ PDPP assisted LGs to market themselves to potential investors and funding agencies in areas of corporate planning for Local Government Enterprises (LGE), through manuals, training and the annual development consultation process from the village to the district level.

➢ PDPP assisted local technical teams to acquire basic participatory problem-solving and decision-making management skills, take on new roles, manage resources, and understand good governance (including transparency and accountability).

Replicability and Scaling Up

➢ PDPP was designed to be 'self-replicating & disseminating'. Much of the PDPP training material meets these criteria. The team noted that some TLGs were beginning to mentor other interested LGs in close proximity. There were also significant cases where PDPP-strengthened LG Enterprises (BUMDs) had in-turn provided support to other BUMDs. The peer-to-peer or cross-fertilization concept for participatory capacity-building planning must take center stage and be encouraged by the new LGSP/PDPP phase in order to ensure sustainability. The most evident legacy for PDPP's self-replication is the ex-PERFORM local staff themselves. The professional/technical staff, who have now formed an association called 'Jemari,' are the true footprints of PERFORM's self replication and scaling up impact. These people, who are well versed in the PDPP process and tools, can now become service providers for other local governments.

Provincial and Other Levels

Ownership

➢ PDPP helped seven provincial governments to reach agreements for technical cooperation in TLGs that committed them to allocating adequate resources to support a participatory planning process.

➢ PDPP helped the provincial chapters of the local government associations to accelerate the adoption of participatory planning as a formal cooperation mechanism between LGs and provincial governments.

Integration

➢ PDPP helped LGs to integrate local economic development. PDPP has become an important vehicle for introducing participatory planning in local economic development, which brings together local businesses and government to support the growth in small and medium sized businesses. The PDPP recently improved their handbook on Participatory Local Economic Development.

Lessons Learned

This evaluation drew upon several prior reports that provided recommendations and spelled out 'lessons learned' for PERFORM-PDPP in order to make improvements. These included: "Strengthening Decentralized Performance Improvement in Planning and Budgeting for Health/Indonesia", 7/2004 and "Improving Health, Education and Governance Sector Linkages", 12/2004, both authored by Peter Connell; "The use and application of PDPP among LGs, results of surveys of local governments and perform staff", H. Evans and R. Munir, 6/2003; and "Final Evaluation of the CLEAN-Urban Project", H. Evans, 12/2001. The most relevant study for PDPP and this report, "Lessons Learned for PERFORM" by Ian Green, was just completed last month. Because it would be redundant for this report to repeat all sections of the above reports on lessons learned for PDPP, we direct readers to the findings of these reports.

To summarize the above reports and the views of this evaluation, the PDPP approach did a good job in promoting concepts of participatory planning in TLGs, and there was evidence that these concepts were replicated in other local governments as well. On-site interviews revealed that the approach has improved communication and working relationships between local governments, NGS, and the community, which in turn have increased the levels of trust, transparency, and accountability.

By expanding the number and diversity of stakeholders involved in the decision-making process and encouraging information-sharing, PDPP contributed to greater community understanding of development issues and improvements in the quality of contributions feeding into the planning process. Because the PDPP approach emphasizes the use of needs assessment, priority-setting, and the involvement of the NGS in building support for project proposals, a high percentage of TLG staff interviewed felt that PDPP had helped them to better understand and perform their jobs. Many TLG planners also stated that the PDPP approach had helped them lobby for private investment and donor aid for their communities.

C. Conclusions and Recommendations

Needs Determination

One of the most important conclusions from previous experiences with PDPP is that stakeholders/ beneficiaries should be involved in all stages of development planning, from the community needs assessment through the preparation of multi-year village development programs and district plans, so that the plans reflect their actual needs and priorities. PDPP could probably have benefited from more comprehensive assessment of the needs and capacities of potential LG partners during the project

design phase. In 2004, the policy anchor for PDPP became significantly stronger when new legislation introduced a framework for multi-year development planning and budgeting, with the medium-term district development plan (RPJMD) as its cornerstone. While this came a bit late to have much impact on PERFORM, the RPJMD framework should be a focal point for new activities under LGSP.

It can be assumed that the TLG selection committee for LGSP will undertake some type of needs assessment as part of the selection process. LGSP should use the assessment findings as bases for more in-depth review of TLG capacities to plan, budget, implement, and monitor performance. This review in turn should determine resources, problems/issues, and the current status of PDPP at all levels of stakeholder involvement.

Citizen Participation

The fact that TLGs and stakeholders were able to select technical assistance piecemeal from a broad-based menu is a reflection of PERFORM-PDPP's flexible design and supply-driven approach. The TLGs that benefited the most were the ones with little or no prior exposure to the participatory development planning process; in the words of its Chief of Party, PERFORM "tried to focus and select TLGs that needed the most assistance." Examples of cost sharing between TLGs and provincial governments (beyond the basic commitment level[19]) appear to demonstrate strong stakeholder commitment, provided that such cost-sharing arrangements were not used to legitimize "personal agenda" activities that had not been previously planned nor approved. Although the legal/regulatory framework and technocratic approach to institutionalizing participatory development planning through decrees and regulations have promoted citizen participation, there's always the risk that this may be seen as "forced conditionality" by the LGs. Citizen participation in LG planning is more sustainable when LGs are motivated by duty and governed by their rights.

The failure or inability to consistently devote the enormous time and energy needed to ensure that each village or community plan was developed (step-by-step) in a transparent and participatory fashion was one of the main weaknesses of PERFORM-PDPP. This kind of groundwork is a must for the PDPP process to be truly effective. It's not the issue of whether village plans were prepared before district-wide plans were put together, but rather whether these plans constituted a 'true strategic planning process', e.g. did the village and subsequent district plans truly represent citizens' needs?[20]

Assumptions about the psychology that motivates citizen and public/private sector participation should be re-visited by LGSP, in conjunction with the project's media strategies and/or by contracting with universities or NGOs to undertake attitude studies and surveys, e.g. Knowledge, Attitude,

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[19] All TLGs were required to commit to cost-sharing before entering into partnerships with PDPP.

[20] In his January 2005 report "Improving Sector Linkages", Connell concluded that, while the PDPP process was strong on village-level planning and in helping to bring together district-wide plans, the whole process seemed too bottom-up, with village input high but little real sector-level input before the district plan was put together. Another (June 2003) study by Hugh Evans and R. Munir ("The Use and Application of PDPP among LGs; Results of Surveys of Local Governments and PERFORM Staff") suggested that PDPP's preoccupation with bottom up planning and community development had diverted attention away from the original goal of strategic planning by emphasizing prioritizing projects at the expense of formulating strategic goals and the means to achieve those goals. They further concluded that segregating the planning process into separate components had tended to direct efforts towards elaborating the separate parts rather than toward constructing a coherent overall program. This evaluation agrees that there was not enough sector-level "strategic thinking" from the very beginning, and that there was often a disconnect between prioritized local needs and funding feasibility.

Behavior/Practice (KAB). If properly designed and undertaken at 12 – 18 month intervals, KAB surveys can yield information that shows both quantitatively and qualitatively the impacts of LGSP efforts on local partners and target beneficiaries, e.g. whether and to what extent the knowledge they have gained has affected their attitudes and behavior.

LGSP should monitor and assist in the development of proposed new regulations to encourage citizens to lobby for improved public performance. Emphasis should also be placed on assisting TLGs to develop appropriate District-level regulations that ensure transparency and entry points for community and citizen participation.

Role of Legislative Bodies and Other Government Counterparts

The evaluation team heard numerous complaints that PDPP had not focused enough attention on the role of local assembly/council (DPRDs) in plan approval and investments plan determination. Without DPRD support, little meaningful headway can be made.

Locations where both the executive and legislative bodies closely interacted tended to provide greater support to institutionalizing the development planning and budgeting process, as manifested by issuing the relevant PerDas. This was particularly true in TLGs where BIGG and PERFORM both operated, prompting DPRD's increased involvement in 2004 when PDPP began to merge planning with performance budgeting. DPRD's roles and knowledge need to be strengthened to provide for greater accountability of LGs to their constituents. LGSP should study some of the LGs that have performed better in this respect in order to incorporate these 'lessons learned' in future activities.

PDPP's designated counterpart was *Bappeda*. The team found that this arrangement may have unnecessarily limited the authority and actions of other LG counterparts, particularly since *Bappeda* is a body operating under the auspices of PemDa. LGSP might want to rethink the roles and responsibilities of key counterparts involved with PDPP activities.

Sustainability and Impact Measurement

Consistent with PDPP's "self-replicating and disseminating" design, some TLGs have been involved in mentoring other LGs in close proximity. There have also been instances where PDPP had strengthened LG enterprises (BUMDs) that in turn provided support to other BUMDs. The cross-fertilization aspects of participatory capacity building should be strongly encouraged under LGSP as a means of fostering sustainability. There may also be opportunities for LGSP to employ additional competitive incentives, such as by funding small projects that reach the highest level of standard in meeting PDPP steps.

The required obligatory or 'minimum service standards' of LGs are still being developed and are not yet defined to the point where they can be used to measure the impacts of participatory approaches. The impact of PDPP in stimulating investment in the private sector and encouraging positive patterns is almost impossible to measure at this time. Requiring direct involvement of the sectors from the beginning will help ensure that 'strategic thinking' mechanisms are incorporated into the overall planning and budgeting process. TLGs must be able to clearly define how the budget responds to various sector priorities identified in medium-term plans, based on 'standardized' performance based budgeting methods.

Synergies with Sector Programs

A question was asked during the evaluation team's debriefing about whether LGSP should take the lead in establishing synergies with USAID funded sector programs (MBE, ESP, NRM, M&L, BHS)[21], or whether the programs themselves should make these initiatives. Clearly, LGSP should have a proactive role in coordinating inputs from other USAID sector programs to collaborative efforts, given the project's integrated design. With respect to the PDPP process, LGSP should coordinate USAID sector program inputs as a means of improving the strategic content of LG plans and establishing sector specific "service standards" that will provide clear indicators for integrating performance-based planning and budgeting strategies.

PDPP does not directly address such city planning issues as zoning ordinances and urban master plans, nor does it effectively promote Geographical Information Systems (GIS) applications, which are used in all areas of spatial socio-economic and physical planning for defining disparities. GIS tools should be incorporated into the design of LGSP/PDPP drawing , for example, on the expertise of USAID's ESP program. LGSP might also consider requesting assistance from U.S. cities through the "twin-cities" or "resource-cities" program in such areas as zoning, mapping (GIS), and city master plans, etc.

Performance Monitoring

The M&E component of PDPP was weak and focused primarily on output (as distinct from outcome or impact) measurement. This was due in part to the project's relatively short (2-3 year) time horizon and to the fact that standard performance indicators for the decentralization sector have not yet been well-defined nor field-tested. As a result, public service investments may appear to be inconsistent with planning objectives and accountability factors. However, many TLGs now have the capacity and sophistication to undertake M&E in ways that will have a positive impact on long-term decision-making and performance. In the next phase of PDPP under LGSP, serious consideration should be given to employing full-time M&E staff and/or to bringing in short-term consultants to support M&E activities in coordination with other USAID funded sector programs. Such efforts might initially be concentrated on building effective M&E systems in the more capable TLGs that could serve as models for other LGs.

Media Strategy

While PERFORM has worked to educate the media about the PDPP process, a more comprehensive media strategy is needed to promote public awareness of the planning and budgeting process and monitor LG service delivery. LGSP should work with local media groups to develop a cost-effective media strategy and campaign. Messages should be tailored for specific target audiences and objectives, e.g. encouraging citizens to lobby for their needs through participation in PDPP. Local organizations might be contracted to conduct pre-test and post-buy market surveys for use in measuring impact and tweaking strategies.[22] In addition to dissemination of print and audio-visual materials in target communities, the strategy should include funding for local radio broadcasts

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[21] NRM is part of BHS. ESP is a project under BHS with focus on watershed management. MBE and M&L are under the Education SO. All have associations with local governments.

[22] Media/advertising agencies typically conduct surveys to test the market prior to placing an advertisement (pre-test) and to guage the effectiveness of the advertisement once placed (post-buy).

designed to educate the public on budgeting and planning issues in health, education, and other sectors. Costs could be shared with the relevant USAID sector programs, e.g. MBE, ESP, BSH, etc.

In general, LGSP should support the local media in communicating the principles of good governance and other issues in the public interest. The media strategy should also involve local NGS in "deconstructing" the myth of government control, and "reconstructing" public education on anti-corruption and community participation in local government through informal channels.

Finally, LGSP should consider recruiting a fulltime Media Specialist for its Jakarta office and employing Media Relations Officers in regional offices.

Information Management

In 2004, PERFORM staff developed a Management Information System that produced a Project Monitoring and Evaluation System (PMES) to assess PDPP TAs, staff performance, PDPP/CP guidelines, manuals, and training activities. They also developed a system for assessing TLG performance in preparing PDPP community/district plans and LGE corporate plans. Lastly, they designed a system for compiling, publishing and replicating "best tools and practices" for a broad audience.

The Yayasan Inovasi Pemerintahan Daerah (YIPD) & Center for Local Government Innovation (CLGI) specialize in all of the aforementioned efforts to develop institutional memory and other LG activities, in addition to acting as a kind of 'clearinghouse' for information on all participatory methods at the local level. Unfortunately, PERFORM appears not to have considered contracting with these organizations to handle the information management and documentation function. In the opinion of the evaluation team, this was a mistake, since YIPD/CLGI appears to have the track record and expertise to achieve the aforementioned goals in a cost effective, comprehensive, and sustainable way. Moreover, it seems apparent that PERFORM and YIPD/CLGI efforts overlapped. In September 2005, USAID will end its assistance to YIPD/CLGI and CLGI will be dropped from the name. YIPD will generate income solely through consulting services and private sponsorships to provide services in virtually all development sectors. The new LGSP should consider contracting with them to manage institutional memory, and possibly to undertake other activities as well. The following are areas where YIPD is capable of supporting LGSP's implementation:

- Development of the LGA questionnaire, focusing on qualitative issues; YIPD/CLGI has done qualitative assessments in Java, Sumatra, Kalimantan and Papua.

- Local government procurement and transparency, including use of e-government systems.

- Civil service restructuring, including developing job descriptions and competency-based systems.

- Local economic development, revenue generation and development of public-private alliances, drawing on its extensive private sector contacts.

- Possible long-term home for the Local Government Data Bank, building on YIPD/CLGI's existing role as a local governance information clearinghouse.

University Linkages

Centers for Participatory Planning (CPP) have been created at six Indonesian universities as part of the exit strategy for PERFORM-PDPP. Based on interviews with several of PERFORM's university partners, the universities look forward to expanding existing responsibilities and taking on new ones under LGSP. As the universities are key to seeding and institutionalizing decentralized participatory planning, their roles and responsibilities should increase under LGSP. In addition to the responsibilities set forth in their existing MOUs, the universities should be integrated into strategies involving the media and YIPD.

The role played by universities during PDPP should continue and be expanded to include the following:

- Seminars and series papers from many perspectives, e.g., economics, sociology, agriculture development.

- Collection of academic papers related to participatory methods and concepts.

- Modules for long-term training for LG officials, political representatives and village leaders on transparency and participatory methods.

- Modules and studios based on PDPP processes for 2nd year university students.

- Internships, field studios, and training activities in participatory development planning practices for districts and selected villages.

- Process documentation research (PDR) at the field studio site.

Sustainability of university support for promoting the participatory approach can be achieved through income generated by selling the published papers, delivering long-term training, and providing consultancy services to government agencies related to practicing the participatory development approach.

District Development Plans

Many LG staff stated that it was difficult to wait until all information and planning documents had been gathered before producing a 'final plan', explaining that their initial efforts to collect the information for a district profile or sector analysis would often get stuck along the way. With respect to this issue, it is important not to wait until everything necessary for an "ideal" plan is available, but to start working with a preliminary planning document and then updating and amending it as new information becomes available. LGs also emphasized that they need a document that can easily be reproduced and distributed and that reflects the state of district planning that is valid for a predictable period of time. The evaluation team recommends that LGs establish fixed dates (typically at the end of each year or beginning of a new year, coinciding with the budget cycle) for issuing updated versions of the plan. The individual LGs should define this timeline and associated milestones for each step in the planning process.

III. BIGG - PBB

A. Project Description

BIGG was designed to help Indonesian local governments make the transition to a more decentralized and democratic system of governance. Implemented by the International City Management Association (ICMA), the program made technical assistance and training available to selected local governments to improve budget and financial management skills, support improved democratic decision making, enable more efficient and effective delivery of community services, and increase citizen participation, primarily through the introduction of performance-based budgeted (PBB) methodology.

A comprehensive Final Report for BIGG (BFR)[23] was received by the evaluation team on March 14, 2005, and, in the time available and to the extent possible, this section draws on lessons learned and recommendations presented in this document. In addition, the team had access to a well-organized CD-ROM of BIGG project materials and other relevant documents (see Appendix 3).

Because of the extensive nature and in-depth coverage of the supporting knowledge base, relevant BFR sections are cited, and more explicit attention is given to corroboration or "ground-proofing" of the "lessons learned." PBB/BIGG, the BFR, and field investigations support the conclusion of this evaluation that SO and IR objectives were achieved. The benefits were sustainable, and the mechanisms in place can be used with little or no modification to extend the menu to priority GOI requirements – extending PBB to all 400 LGs, and introducing accrual accounting and double entry bookkeeping by 2008 (a mandatory legal requirement that may be modified by recent and anticipated legislation.) In addition to providing a basis for future achievement of USAID LG objectives for training and capacity building through LGSP, the BIGG/PBB delivery mechanism and organizational framework has already been applied with some success to broader LG governance problems, such as planning, citizen participation, and retooling the sector line agencies at the LG level (*Dinas*). The conclusions about the roles and integration of BIGG and PERFORM sub-components within the LGSP SOW are discussed in Section IV, but conclusions and recommendations which stand independently of that delivery mechanism are also presented in this section where BIGG fieldwork has generated useful insights based on field investigations and interviews with higher echelon LG officers.

B. Findings

Program Design

The BIGG Program design is the most important element of this evaluation if only because the level of understanding and appreciation of its uniqueness is not as high as it ought to be. Experience in the field with senior Indonesian professionals themselves able to appreciate the program's importance confirms that BIGG's most important features can be seen in LG administration and inter LG/inter-

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[23] **Building Institutions for Good Governance** : Core Management and Budget Skills for Indonesian Local Governments, September 30, 2000–February 11, 2005. FINAL REPORT, March 2005. Prepared for U.S. Agency for International Development. By International City/County Management Association, Sustainable Urban Management – Indefinite Quantity Contract USAID Contract No. LAG-I-00-99-00008-00 Task Order No. 11 ICMA 701.012.01.IND

regional and national activities that are extant throughout Indonesia. BIGG was designed to support discrete elements of an overall USAID strategy to help Indonesia implement a decentralized and democratic system of governance following regime change in 1998 and the 1999 decentralization laws. BIGG's prime objective was relatively narrow and focused - to implement performance-based budgeting (PBB) for the first time. The program included technical assistance and training to improve budget and financial management skills, support decision making, and satisfy the preconditions for more efficient and effective delivery of community services and democratic governance.

Although the overall project objective was to "build institutions" the approach was to work with new institutions that had been created by the GOI, and to facilitate achievement of a set of particular training objectives made concrete by the various regulations (PP or *Petunjuk Pelaksana*) that have appeared in succession since 1999. By using a network model for organizing project participants, and a delivery mechanism of cascade training, LGs both within and outside the group that signed formal MOUs were able to take advantage of BIGG facilitated services. Costs were minimized by intelligent design and limiting consultant services to developing and delivering the first round of training in a continuing series of rounds using training of trainer methodology. As a basis for initial participation, competence as well as commitment were criteria for selection of an initial core group of so called "Inti"[24] LGs, and formal participation in BIGG was governed by an MOU with features of a contract – continued participation being conditional on tightly defined milestones that were easily monitored. Many in kind costs were covered by LGs themselves, and the training schedule for the first critical training component (A of ABC) were on site, with hotel accommodations provided largely to insulate the 30 or so LG participants from day to day demands.

While PBB was the core of BIGG activities, the project design incorporated an extensive publication and knowledge management element, which included manuals, reports and newsletters (found in all LGs visited), in addition to extant MOUs. While the design provided funding for regional conferences and specialist focus group meetings both within LGs and between them, in practice these have been demand driven. They do not appear to have been a drain on BIGG Project resources and many participants have had the majority of their costs covered by other funds.

Synergies

There has been no problem in allowing other donor and autonomous training and capacity building activities to overlap and interact with BIGG activities, creating synergies. The process is entirely under LG management, and the director of operations is the senior government official in the LG, the District Secretary or SEKDA, or the Head of the Planning Agency (*Bappeda*). As the highest ranking functionary (usually Echelon 2a), the SEKDA is able to resolve any horizontal friction between participating *dinases* (line and sector agencies) and planning and financial management bodies (*badan*), working through the coordination of a Budget Team (*Tim Anggaran*.) Members of the parliament participate in another team, a working committee drawn from both executive, administration, and DPR representatives (Panitia Anggaran or Budget Committee), and have frequent and clear lines of communication and authority which are not project-determined or managed.

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[24] After careful deliberations at the outset of Year 3, BIGG/ICMA staff selected the terms "hub" (*inti*) and "satellite" (*satelit*) with the specific intent of avoiding terminology that connoted hierarchical relationships between TLGs. The terms were well-received in South Sulawesi, Central Java, and East Java.

Training and Technical Assistance Models

The remarkable and consistent success of the project is attributable to both the professionalism of the contractor staff and the amenability of PBB to a systematic breakdown of the budgeting process initially into ten steps, later supplemented to make this 12-step program. BIGG developed a three-part workshop series called the ABC series, experimenting with different approaches to training. Every LG required four documents to prepare the budget to meet the requirements of KepMen 29 of 2002 (a budget calendar, public information and involvement plan, budget instructions, and a performance-based budget.) The cooperative development of these documents became the focus of the technical assistance.

The ABC series addressed how to set budget priorities and establish the foundation for the budget decision-making process in a culturally informed and systematic way. While the initial steps involved citizens and another ensured planning documents were an integral part of the process, the emphasis was unambivalently on basis skill acquisition first. Later adaptations included a second day of the C Series dedicated to training legislative council (DPRD) members.

In the last two years of the program, BIGG developed new models and methods for reaching as many local governments as possible, but in less depth than the on-site technical assistance step-to-step models. While there was national legislation requiring local governments to implement PBB (Laws 22 and 25/1999 and Government Regulations 104 to 110/2000), there were no implementing regulations nor initial guidelines issued by the central government on how to prepare a performance budget.

The technical assistance model evolved to become the Hub-satellite Model (K2K) when graduates of the first two years of the program became hubs and assisted satellite hubs to implement performance-based budgeting. This mentoring model reduced reliance on outside consultants and donor funded TA and capacity building projects. It is not a blueprint design but participant driven, and many parts of the approach would be equally adaptable to both LGSP and broader USAID sector-oriented TA programs. Interactive exercises allowed participants to apply new concepts daily. But traditional on-site training sessions were abandoned when they unexpectedly did not work at all – an indicator of intelligent management with the autonomy to deviate from flawed plans. Cultural sensitivity facilitated using aspects of Indonesia's oral culture and small group discussions to teach budgeting concepts. Having participants teach each other in their own work and environment is a major challenge to an education establishment steeped in authoritarian pedagogy and rote learning. Recognition of the need for some basic critical thinking and problem solving had to be addressed before training in budgeting could start. This is a remarkable demonstration of the advantages of an open environment that generates its own rewards, and is needed in many organizations, domestic and foreign.

Even LGs who were not in BIGG mimicked the K2K model by developing Peer-to-Peer (P2P) and Provincial Models. The P2P networking model was a streamlined three-day version of the six-day ABC workshop series, taught on a regional basis, not to individual LGs. The Provincial model has absorbed some of the excess staff capacity resulting from decentralization by setting up provincial training centers. Specialists/trainers from the provinces joined BIGG six-day ABC series sessions and were encouraged to reach as many LGs within their region as possible. "Indonesians helping Indonesians " and reaching as many LGs as possible has been a potent, if low profile, demonstration of effective USAID TA. The third work plan for BIGG extends the model, but is not yet explicit in the LGSP documentation that was provided to the evaluation team.

Regional or national conferences have been held and some focused events have attracted senior MOHA and MOF bureaucrats. The low profile and limited public interest in events with apparently dull subjects has not limited their influence on improving governance, but may in fact have enhanced their effectiveness by bringing sub-domains under some degree of professional self-regulation. The focus has remained on providing in-depth assistance to a few LGs. Not only the basic training materials but many other specialized and highly relevant reports and manuals have been produced and the quality of documenting and archiving is high. Documents are not only easily accessible, but are presented in a standard format with Indonesian on the left, and English on the right. This practice alone could have enormous impact on the effectiveness of all basic TA in Indonesia.

Six TA delivery models are described in depth in the BFR annexes. The sustainability matrix from the BFR Report includes a key model that summarizes and evaluates the six models:

> 1. Basic Technical Assistance in Year 1 and Year 2
>
> 2. Year 3 K2K Model (Activity 2.02) and Year 4 K2K Model (Activity 2.06)
>
> 3. P2P Networking Model (Activity 2.03)
>
> 4. Provincial Training Model (Activity 2.04)
>
> 5. Association Training Model (Activity 2.05)
>
> 6. Budget Clinic Model (Activity 2.07)

Mechanisms for ensuring maximum citizen participation were developed early in the project but have been much more comprehensively addressed in the related PERFORM project and are not discussed here.

Linkages to District Plans

Linkages to district plans have been addressed in LGs that participated to varying degrees through formal MOUs in the BIGG and/or PERFORM programs, but there is no consistent footprint in terms of a model or a binding legislative requirement to follow particular principles. Prevailing attitudes, expressed in the LGs and explained in much more detail in the PDPP Findings section, are of greater potential in a bottom up approach. The yearly budget cycle, which in the medium term may be driven by fiscal and political determinants of resource availability, is untidy, and sectoral planning is a long way from representing the idealized PDPP model. A necessary component of this bottom-up strategy appears to be extension of the budgeting framework into accounting reforms, and the more complex process of supplementing the rudimentary oversight and prudential regulatory capacities that have so far been established (for instance the *Komisi* or oversight commissions of the DPR that the evaluators observed in Boyolali and Gowa.)

Implementation Issues and Experience

Implementation would have been much more difficult if the BIGG model had not lent itself so well to muddling through in style. A confounding factor of major proportions has been the flawed legislation that has driven mandated changes in LG financial management practices. It was not until 2002 that the MOHA issued a decree implementing the earlier law (Decree No. 29/2002 or KepMen No. 29/2002), providing guidelines and forms for PBB. Early drafts received some external review, but no donors were able to review the final draft and there were major problems with using the forms and following the procedure, reflecting a flawed process in MOHA.

LGs resist tutelage from the central ministries under decentralization, but longstanding feuds between different directorates within general directorates, and between general directorates within ministries, have been paralleled by comparable dislocation and dysfunction in donor bureaucracies. MOF and MOHA jurisdictions overlap and have not yet been clarified in critical areas that almost define good financial management and governance. Mechanisms introduced by BIGG that have provided channels for negotiation between bureaucratic and political stakeholders were neither part of the BIGG design, nor an explicit objective. But the design facilitated their evolution and helped generate a feedback flow and dialogue that are now reflected in changed processes and designs, which may only later be confirmed in parallel formal regulations.

PBB does not cover all or even most of the components of overall government financial management, but further demand growth is already shown by proposals to support the new changes in bookkeeping and the transition to accrual accounting required by 2008. Concerns expressed in nearly all LGs about the difficulties of constructing meaningful indicators are prima facie evidence the PB activities are taken seriously. While there are numerous areas of possible capacity building, the areas targeted by BIGG were those in demand, and the mechanism has been shown to be easily adapted to a wider menu. Training and capacity building are not panaceas, since they are instrumental in but do not legitimize budget decisions. But they do create networks simply by the broad cross line agency demand base, and the facilitation of interactions between districts all facing very similar problems.

The training, materials, and guidance for PBB provided by BIGG were among the few resources available to LGs that met the demands on staff from new PP, in light of the overload on DEPDAGRI and Keuangan regulatory capacities and a reduced level of USAID-sponsored TA advisors in the ministries who helped review drafts. A future area that could be addressed through existing PBB capacity building activities is the management of grants for activities that span multiple districts - this is the case with water resources and environmental management in most regions.

Over BIGG's four-year implementation period, the new financial reporting requirements followed a compressed schedule, and this being continued, with double entry bookkeeping and accrual accounting mandated for completion by 2008, was a prime concern that LG executives expressed in field interviews. The tangible, rapid, sustainable and low cost approach to capacity building for financial management field-proven by the BIGG Project could become a hostage to slow progress in aligning funding sources. Participatory planning and empowerment, civic interest groups, and gender and poverty alleviation goals fuel expectations. The budgeting game is repeated every year and allocation decisions are logically separable from budget implementation.

The capacity building activities in BIGG were successful because of an intelligent design, with attention to the most efficient and rapid delivery mechanism, entry points for signing contract-like MOUs, minimal use of pass-through consultants, and the cascade training model. The preparation of 21 LG 2005 budgets, using the new codes and indices, is both an output and an outcome since there are associated decision making procedures for using the information. Field investigations suggested that the training materials have been used far more extensively than it may appear - every LG must present the same financial management laws and regulations, initiate oversight mechanisms that use performance indices, and require knowledge and participation from all the sector agencies, in addition to *badan, SekDA,* and political representatives who sit on working committees, in the annual budget preparation and approval process.

The interactions between participants from line agencies, bodies, the administrative spectrum, and the legislature provided opportunities for communications and expanded interactions. These were ways

of providing some legitimacy and structure to work or focus groups for nascent areas of interest. For the *Dinas*, this process cannot progress very far until the banking, fiscal and regulatory apparatus are reformed and investment funds are found. The network has so far supplied one way of identifying new issues, a path for forwarding them to higher levels of government, and an arena for promoting cross-district and regional shared objectives. It has also fostered commitments to the process of engagement with DPR members that extend beyond the formal budgeting meetings.

BIGG-PBB Achievements

PBB achievements are substantial and confirm the wisdom of modest steady progress based on sound design. There are very few examples of successful large-scale capacity building programs in Indonesia, although there have been many ill-fated attempts. Experience with rural banking and implementation of computerization, MIS systems, and design and rollout of savings products at 3600 nationwide microfinance banks is one of the few comparable examples in terms of ubiquitous coverage and standardized outputs/outcomes. Sustainable and replicable models are characterized by lengthy, careful development and design, and by supervised expansion from pilot to a final very rapid rate of growth as implementation and training capacity overtake demand from the remaining units. LG training and capacity building under the BIGG project was a new approach with no structured hierarchical system of management and supervision, or the linkage provided by banking networks. Coordination and cooperation between core (Inti) and satellite LGs, and many not formally covered by MOUs, are demonstrated by copious and straightforward reports that constitute the network itself. Just as healthy companies and banks do not need to graft M&E systems, none is necessary for the commonsense facilitatory approach adopted in the BIGG Project design. This contrasts with PDPP outputs, which are less standardized and where the appropriateness of training materials is more difficult to satisfy since abilities are less easy to measure in subjects such as corporate strategy. Planning is inherently more complex and specialized consultants and training may be justified, but not as clearly picked out as a priority need by LGs. There is a widespread perception that training materials are well suited to PBB needs, but some informants criticized PDPP and corporate strategy materials as both too generic, and too complex.

In the earlier generation of MFP and CLEAN projects, the laws and regulations were issued at a more leisurely pace and it was often possible for advisors to help their counterparts catch mistakes in PP before they were issued. USAID's new strategy reduces policy and advisory roles, but the new LGSP still requires interaction with the GOI. Both planned and ad-hoc meetings called through the BIGG network have included many that are attended by senior LG officials, deputies, and top Jakarta bureaucrats. Sometimes the ministries are introducing new regulations, and at other times these higher level cross-district focus group meetings have provided a feedback mechanism for regions and districts to influence policies and regulations.

BIGG-PBB Lessons Learned

The following are just a small sample of some of the most interesting and relevant lessons learned reported in BFR, and confirmed in field investigations:

- Field Operations Teams provide better TA when the number of focus areas is reduced. The number of focus areas that the hub-satellite cluster could choose was reduced from three to two (education and health). These two focus areas are present in every LG.

- Education is a good choice for a focus area; it is one of the largest LG departments and requires outside technical assistance from a donor-funded program. LG staff have an easier time applying the performance budget concepts to smaller departments.

- Information-sharing workshops serve as a necessary introduction between the hub and satellite LGs. One information workshop is enough to start the collaboration and partnership between the hub and satellite.

- The use of MOUs to identify expectations of the involved parties (BIGG/ICMA and the LG) are not contracts, and LG compliance with deadlines and activities cannot be enforced.

- MOUs are effective when applied to a focus area.

- The P2P Model can disseminate information to many local governments with no technical assistance, and change the way LGs prepare performance budgets.

- P2P participants need technical assistance beyond information dissemination, and should have a MOU to show their commitment to change. Although there were some results from the P2P model even without an MOU, the results could have been much better with an MOU tied to some system for technical assistance.

The most important lessons learned about training methodology are those that have resulted from the attempt by BIGG staff to transfer knowledge to Indonesian personnel, including BIGG/ICMA program staff, LG and provincial staff, academics and central government officials. Workshop exercises and designs that can be produced by foreign consultants in a few hours of solitary labor take much longer when done by discussion with many Indonesian personnel. Thought processes, products, and materials developed and modeled by ICMA staff over three years have now been supplemented by the Indonesians actually producing the materials themselves, under guidance more than direction. The shift from technical consulting (producing deliverables for the client) has moved to a far higher level of process consulting (teaching the client how to do the work). The materials are not only excellent, but from both a pedagogical and a technical perspective respond directly to the needs of the real clients. The cadre of permanent ICMA staff able to carry out these tasks without heavy foreign consultant inputs represent a priceless asset for GOI, who should themselves be far more engaged in the task of helping to ensure that the LGSP is able not only to preserve and sustain this rich legacy through basic knowledge management, but nurture and make effective the top class Indonesian professionals who are the most tangible asset produced by this outstanding TA Project.

C. Conclusions and Recommendations

Replicability and Scalability

The BIGG-PBB component has demonstrated the capacity to deliver very high-quality, focused training at modest cost using TOT and Inti-Satellite training models. The PBB approach is both replicable and scalable in the sense that it can add new procedures to accommodate expected legal regulations on bookkeeping and accrual accounting. It is advisable to move ahead without waiting for implementing regulations from the central government. Empowering LGs by giving them a framework for basic decision making and priority setting is a basic principle to be applied in LG assistance at this stage.

The most important general lesson learned from evaluating BIGG-PBB was that cultural integration should be a feature of LG technical assistance, stressing communication skills, consensus decision-making as well as voting, and time management. Incentives are also needed to motivate university, ministry and local government association personnel to assume a greater share of the workload and improve morale for the Training and Publications (T&P) team.

Sustainability

Sustaining the BIGG program for training in Local Government Financial Management outlined in the BIGG Final Report involves retaining and improving the consulting/training models and *inter alia:*

- Ensure that training materials are archived and accessible. The facility should include a reference library and computerized access to all source files, and a well designed and maintained website.

- Give priority to rapid establishment, even of an interim solution, so that BIGG materials can be updated and there is a budget for copying and distributing them.

- Identify an organization capable of performing these functions and design an endowment mechanism and secure foundation support to ensure sustainable grant funding for at least a ten-year period. The BIGG Final Report suggests that the Center for Local Government Innovation (CLGI), APEKSI, APKASI, the University of Gajah Madah, the University of Hasanuddin, and the University of Cenderawasih could fulfill the distribution function, but these entities vary in organizational capabilities. All are likely to require some level of continued USAID support to update and implement the training materials with local governments, particularly the two LG associations.

- Extend the capabilities of the organization to deliver support relating to current regulations over the entire country and encourage application of international standards for budgeting and finance in LGs.

- Extend the scope or menu of training materials to address accounting issues and help resolve current differences between the MOF and MOHA charts of accounts.

- Further integrate the planning and budgeting of capital and operating budgets to reach higher levels of budget coverage, with coherent goals, objectives and performance indicators.

- Implement an expanded sustainability matrix using the version contained in the BIGG Final Report, and describing target budgeting behaviors at graduated stages. Planning behaviors should also be incorporated and reflect lessons learned with PERFORM implementation of PDPP.

- Develop a media strategy that increases citizen involvement in decision making and that integrates NGOs and the media into the process.

- Engage MOHA in BIGG-PBB programs.

- Extend the use of focus areas and pilot projects for future areas of support for improvement of service delivery standards and assumption of appropriate areas of environmental, water resource management and social interventions.

Role of Universities

More general recommendations arising from lessons learned and BIGG experience are that university personnel are best utilized for teaching or facilitating, but currently have limited understanding of adult training techniques beyond lecturing. Care must be taken to ensure that university staff do not use their elevated social status to intimidate staff from the TA-sponsored BIGG type organization. The best approach appeared to be to identify and work exclusively with university staff who are open to providing training in an interactive manner.

IV. General Conclusions and Recommendations

A. Overview

This evaluation finds that both BIGG-PBB and PERFORM-PDPP achieved their broad objectives in a period when it was extremely difficult to deliver assistance and measure cost-effectiveness for local governance support outputs. The two projects operated in parallel in an environment where major laws and regulations affecting the operation of local government administrations, electoral governance, and citizen empowerment were still in infancy. For most of the period, there is no evidence of deliberate integration of the planning and budgeting functions; however, there is evidence of spontaneous and adaptive initiatives being taken to link the two more systematically, originating from needs generated during budgeting activities and as extensions of the work started by the LG budget teams.

The achievements of BIGG and the achievements of PERFORM are not directly comparable, due to fundamental differences in political time horizons, objectives, constraints, and resources. There are strong contrasts with respect to the design of the training components, local ownership, and organizational culture.

BIGG-PBB used a training model and entry points which gave strong ownership in the LG bureaucracy and provided flexibility for higher profile planning and extension of financial management reforms. Its low profile and use of a core staff of permanent professionals, leveraging the local governments' own resources, help to explain its cost-effectiveness. M&E at the activity level was built into management, much as in a private company, and the relevant reports are well-organized, accessible, and verifiable. PERFORM-PDPP was more politically motivated, to make USAID presence seen, deliver services by subcontracting consultants, and introduce knowledge management (including seminars, study visits, etc.), whereas BIGG's only task was to create new policy anchors. These differences in emphasis resulted in very different management structures.

The evaluative issue for LGSP is not whether one approach is better than the other, but whether these very different models and associated organizational cultures should operate through coordination at nodal contact points, or be forced together for purposes of synergy and faster implementation. Given the risks, a key recommendation is that LGSP should consider how PERFORM entry points can best be linked to BIGG procedures and networks where they have complementary objectives.

Where a system of checks and balances and different primary client groups are concerned, it may be better to try to erect some walls than to establish unitary management responsibility. For instance, it is most likely that LGs will be able to implement the PBB design and formal reporting/accounting requirements long before the planning system can produce short and medium term budgets that are accepted as legitimate. This is not just a matter of process in the parliament or of clearing a critical parliamentary committee, but also of dependence on block grants and a few donor-channeled funding sources. Since the budgeting and accounting has to be done to comply with legal requirements, then it would be wiser to let that proceed at its own rapid pace using a well-proven cascade training program, maximum local ownership, and an implicit exit strategy as more trainers are trained and the networks become formalized. In this way, society's participation can be channeled through a focused point in government – not only the annual budget approval process, but also the ongoing technical committees

that sit in parliament and require the administration to produce reports, which draw heavily on performance budgeting concepts and paradigms.

As current practices at the LG level tend to separate budget formulation from strategic planning and program formulation, medium-term and long-term considerations are often overlooked. LGSP must continue to encourage both the national and local level governments to establish clear regulations that provide a formal structure for the strategic planning and budgeting consultation process. It may not be possible to achieve full integration of planning and budgeting under LGSP until such a process is in place and accepted by LGs. The following show the sequence of strategic planning processes that would best lend itself to the LG planning environment and culture in Indonesia:

1. Vision formulation (all stakeholders – 'bottom-up')

2. Strategic issues identification, through SWOT at the community level and upwards

3. Goals and objectives formulation

4. Program strategy formulation (sector level)

5. Activities of project formulation

6. Performance measures identification

7. Program (non-physical infrastructure) budget formulation

8. Capital investment program (physical infrastructure), translated into Annual Budget - Performance Budget formulation.

The LGSP should move slowly at first when integrating PDPP/PBB mechanisms. The foundation for the integration should be based on performance information that enables TLG management to focus better on serving stakeholders and to measure the extent to which expected results have been achieved. Performance feedback should be presented in parallel to budget proposals. Reports should be quantitative, illustrating the level for achievements for activities, outputs, and workload statistics as well as objectives and results.

New or improved models to combine planning with budgeting should be integrated at all stages of the planning, programming and monitoring process as well as within overall management systems and the management culture. There is a need for a planning approach that establishes priorities and the financial ceiling for the budget exercise. Because the link from data to information and knowledge becomes weaker when moving from inputs to activities, results, and objectives, all stakeholders need to be involved early in the planning and budgeting process.

In 2004, PERFORM and BIGG established a Joint Coordination Unit (JCU) to identify and undertake joint technical assistance activities in the interests of coordinating LG performance oriented planning and budgeting processes. The two projects also began integrating their annual planning and budgeting calendars, which will be introduced to LGs as a basis for scheduling technical assistance inputs under LGSP. Since the JCU is already established, it should take the lead role in defining and developing opportunities for synergy in order to lay the blueprint for program integration under LGSP. The LGSP should reassess the JCU's structure and composition to ensure that this unit includes representation from key sector programs and organizations[25] as well as 'high-level' involvement by

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[25] To include representation from USAID (MBE, ESP, BHS) and other donors/stakeholders organizations, i.e. media, NGS, GTZ, YIPD/CLGI, SCBD, UNDP/BUILD, WB/CDS, etc.

key stakeholder that can function as a 'steering committee'[26] for LGSP for the next five years. The LGSP must also build in exit strategies for the JCU to ensure sustainability.

The greatest legacies of both programs are the people who participated in program implementation. Most of these ex-staff were successful in developing and nurturing strong relationships and trust among TLGs. LGSP must 'get back on the saddle' quickly so as to maintain continuity of relationships and networks built under PERFORM-PDPP and BIGG-PBB and to avoid losing key staff to other opportunities. Consideration should be given to involving TLGs in the selection of community coordinators and facilitators, to help promote a sense of ownership.

B. Key Recommendations and Guidance for LGSP

Needs Determination. The medium-term district development plan (RPJMD) framework should be a focal point for planning new activities under LGSP. Needs assessments should be built into the TLG selection process, and the assessment findings should be used both to evaluate TLG capacities to plan, budget, implement, and monitor performance, and to determine resources, problems/issues, and the current status of PDPP at all levels of stakeholder involvement.

Citizen Participation. Assumptions about the psychology that motivates citizen and public/private sector participation should be re-visited by LGSP, in conjunction with the project's media strategies and/or by contracting with universities or NGOs to undertake attitude studies and surveys. In addition, LGSP should monitor and assist the development of proposed new regulations to encourage citizens to lobby for improved public performance.

Role of Legislative Bodies and Other Government Counterparts. The team found that the designation of *Bappeda* as PDPP's principal counterpart organization may have unnecessarily limited the authority and actions of other LG counterparts, particularly since *Bappeda* is a body operating under the auspices of PemDa. LGSP might want to rethink the roles and responsibilities of key counterparts involved with participatory development activities.

District Plans. Many LG staff stated that it was difficult to wait until all information and planning documentation had been gathered before producing a "final plan". With respect to this issue, planning should be done incrementally, beginning with a preliminary planning document that is kept open to allow for updating and amendment as new information becomes available. Updated versions of the plan should be prepared and released at fixed intervals, typically coinciding with the budget cycle. The individual LGs should define this timeline and associated milestones for each step in the planning process.

Impact Measurement. In the absence of obligatory or 'minimum service standards', the impact of PDPP in stimulating investment in the private sector and encouraging positive growth patterns is almost impossible to measure at this time. Requiring direct involvement of the sectors from the beginning will help ensure that 'strategic thinking' mechanisms are incorporated into the overall planning and budgeting process. TLGs must be able to clearly define how the budget responds to various sector priorities identified in medium-term plans, based on 'standardized' performance based budgeting methods.

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[26] The UNDP has been quite successful with the 'cluster committees' model when coordinating sector development. The LGSP might consider adopting some of these approaches.

Integration of Planning Tools and Applications. PDPP has not directly addressed such city planning issues as zoning ordinances and urban master plans, nor does it effectively promote Geographical Information Systems (GIS) applications. GIS tools should be incorporated into the design of LGSP, drawing, for example, on the expertise of USAID's ESP program. LGSP might also consider requesting assistance from U.S. cities through the "twin-cities" or "resource-cities" programs in such areas as zoning, mapping (GIS), and city master plans, etc.

Synergies with Sector Programs. LGSP should have a proactive role in coordinating inputs from other USAID sector programs to collaborative efforts, given the project's integrated design. Such inputs can also serve to improve the strategic content of LG plans and establish sector specific "service standards" that provide clear indicators for integrating performance-based planning and budgeting strategies.

Performance Monitoring. Many TLGs now have the capacity and sophistication to undertake M&E in ways that will have a positive impact on long-term decision-making and performance. Under LGSP, serious consideration should be given to employing full-time M&E staff and/or to bringing in short-term consultants to support M&E activities in coordination with other USAID funded sector programs.

Media Strategy. In general, LGSP should support the local media in communicating the principles of good governance and other issues in the public interest. The media strategy should also involve local NGSs in "deconstructing" the myth of government control, and "reconstructing" public education on anti-corruption and community participation in local government through informal channels. LGSP should consider recruiting a fulltime media specialist for its Jakarta office and employing media relations officers in regional offices.

Information Management. LGSP should consider contracting with YIPD/CLGI to manage information as well as to provide support in such areas as qualitative assessment, use of e-government systems to promote transparency, civil service restructuring, revenue generation, and development of public-private alliances. YIPD is also a possible long-term home for the Local Government Data Bank, building on this organization's existing role as a local governance information clearinghouse.

University Linkages. As the universities are key to seeding and institutionalizing decentralized participatory planning, their roles and responsibilities should increase under LGSP. In addition to the responsibilities set forth in their existing MOUs, the universities should be integrated into strategies involving the media and YIPD. With respect to the role of universities in training activities, care should be taken to identify and work exclusively with university staff who are familiar with adult learning techniques and are open to providing training in an interactive manner.

Replicability and Scalability. The PBB approach is both replicable and scalable in the sense that it can add new procedures to accommodate expected new legal regulations on bookkeeping and accrual accounting. It is advisable to move ahead without waiting for implementing regulations from the central government. Empowering local governments by giving them a framework for basic decision-making and priority setting is a basic principle to be applied in local government assistance at this stage.

Sustainability of PBB Training Efforts. Sustaining the BIGG program for training in Local Government Financial Management outlined in the BIGG Final Report involves retaining and improving the consulting/training models and *inter alia:*

11. Ensure that training materials are archived, accessible, and presented in standard formats. The facility should include a reference library and computerized access to all source files, and a well designed and maintained website.

12. Give priority to rapid establishment, even as an interim solution, so that BIGG training materials can be updated and there is a budget for copying and distributing them.

13. Identify an organization capable of performing these functions and design an endowment mechanism and secure foundation support to ensure sustainable grant funding for at least a ten-year period. The BIGG Final Report suggests that the Center for Local Government Innovation (CLGI), APEKSI, APKASI, the University of Gajah Madah, the University of Hasanuddin, and the University of Cenderawasih could fulfill the distribution function, but these entities vary in organizational capabilities. All are likely to require some level of continued USAID support to update and implement the training materials with local governments, particularly the two local government associations.

14. Extend the capabilities of the organization to deliver support relating to current regulations over the entire country and encourage application of international standards for budgeting and finance in local governments.

15. Extend the scope or menu of training materials to address accounting issues and help resolve current differences between the MOF and MOHA charts of accounts.

16. Further integrate the planning and budgeting of capital and operating budgets to reach higher levels of budget coverage, with coherent goals, objectives and performance indicators.

17. Implement an expanded sustainability matrix using the version contained in the BIGG Final Report, and describing target budgeting behaviors at graduated stages. Planning behaviors should also be incorporated and reflect lessons learned with PERFORM implementation of PDPP.

18. Develop a media strategy that increases citizen involvement in decision-making and that integrates NGOs and the media into the process.

19. Engage MOHA in BIGG-PBB programs.

20. Extend the use of focus areas and pilot projects for future areas of support for improvement of service delivery standards and assumption of appropriate areas of environmental, water resource management and social interventions.

Appendix 1: Scope of Work for the Engagement

Statement of Work
Final Evaluation of the Building Institutions for Good Governance (BIGG) and Performance Oriented Regional Management (PERFORM)'s Capacity Building Programs for Indonesian Local Governments

I. Summary and Purpose

The purpose of this Task order is to complete an evaluation of se1ect activities within the former USAID's Indonesia's Office of Decentralized Loca1 Government (PLO) portfolio over the period from FY 2001 to FY 2004. The contractor win use this evaluation to identify lessons learned and develop recommendations as to approaches and methodologies developed by BIGG and PERFORM that: should be continued under a new Intermediate Result (IR) to support good local governance through the "Democratic and Decentralized Governance" (DDG)[27] Strategic Objectives Local Governance Support Program. The evaluation should consider what elements of existing programs should be phased-out, extended, augmented, revised or combined. The evaluation should look carefully at issues of coordination with other USAID programs aimed at strengthening local government[28] 2 management and service delivery and identify ways to improve linkages and maximize programmatic impact.

This evaluation will serve as the final evaluation for both programs as required by the respective Task Orders. The mid-term evaluation planned for late 2002 was postponed repeatedly and eventually cancelled due to extenuating circumstances, therefore, this is both the first and final evaluation of BIGG and PERFORM's capacity building programs. In late 2003, USAID/Indonesia opted to extend both programs as a transition to that new strategy, "Strengthening a Moderate, Stable and Productive Indonesia" Under the new strategy, USAID will provide capacity building assistance to local executives, legislatives, civil society, and other stakeholders in the core processes of planning, budgeting and financial administration, general management, and the promotion of the nationwide adoption of better local government management practices. A new program will be initiated in early 2005 to follow-on from BIGG, PERFORM, and other governance support programs at the local level. A Request for Proposals (RFP) was issued through MOBIS on September 16th for the Local Governance Support Program (LGSP). It is anticipated that LGSP will be the primary mechanism for USAID lndonesia's support to strengthen local governance.

The evaluation will be carried out in January 2005, with the final report due no later than March 04, 2004. It will require a team of expatriate and local professionals to review progress, analyze results, and make recommendations for elements of BIGG and PERFORM which should be continued, modified, or eliminated under LGSP.

II. Background

A. initiation of SO 10: Decentralized and Participatory Local Government

In 1999, it became apparent that Indonesia would enact new laws to decentralize and d broad areas of governmental authority from the center to the regions. It was also apparent that if decentralization was to yield positive results, the Government of Indonesia (GOI) would need technical assistance to ensure existence: of a supportive policy environment and build the capacity of local governments. The decentralization laws (Law 22/1999 and Law 25/1999) were enacted in mid-1999 and became effective on January 1, 2001. In mid-2000, USAID responded to the needs of decentralization with the creation of a new Strategic Objective #10: Decentralized and Participatory Local Government Strengthened. This Strategic Objective (SO) was a significant new component of USAID Indonesia's 2001-2005 country strategy[29].

The DLG program built on the expertise and capacities of prior USAID experience in Indonesia over more than 10 years, USAID's Urban Environmental Management (UEM) SO played a key role in urban sector assistance, including decentralization-related fiscal and administration policy. As the financial crisis in Indonesia deepened in 1998, USAID'$ crisis response relied on UEM (then re-cast as SpO 13, Increased Employment in Targeted Communities) manage employment generation projects focused on creating jobs through construction infrastructure and development of urban micro-enterprise.

The SO was defined through four Supporting Intermediate Results. In summary, these. belief that for people to benefit from decentralization, there needed to be a clear legal a regulatory framework defining the new roles of government at the central, provincial and local levels; local governments needed to deliver better services; people's participation was needed to set priorities and make local decision-making effective; and decentralization needed to be supported by associations of local governments serving as effective advocates for their members. To begin to achieve these goals, DLG believed that it was necessary to shape a program that provided policy assistance, worked extensively with local governments to build core budgeting and planning capacities and supported the development of the new local government associations.

The first of the new IRs, "Appropriate Environment Established to Enable Effective 1.0 Government," was created in response to the need for decentralization to have a clear legal framework, and served as the umbrella for continuing policy assistance.

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[27]   Here "DLG" and "DDG" will both be used. respectively denoting the previous and the present team

[28]   Understood by "loca1 document" here are the local administrations as well as other stakeholders (civil society, communities, private sector, mainly lit district level), or their activities in managing local affairs

[29]   For information on decentralization in Indonesia in general, see Appendix I, "Indonesia Decentralizes;" information on the present status of decentralization, see Appendix. 2, -- Status of Decentralization- mid-2002;" For information on the SO10, see Appendix 3, the Congressional Notification of SO 10 for FY2001

The second, the fourth IRs, however, expressed the principal new challenge facing DLG, that of extending meaningful levels of assistance directly to many local governments and to their new ass

JR.2, "Local Government Capacity Strengthened to Deliver Effective Services," became umbrella for work to build the core budget and financial management skills needed to u and improve service delivery, such as strengthening the management of the critical water sector. IR3, "Participation Increased in Local Government Decision Making," became the umbrella for work in participatory development planning, as well as for efforts to improve public access and participation in the decision-making process generally, through open bearings, published information, and citizen inputs into improving the quality of service delivery. IR4, "Associations of Local Governments and Officials Established as Advocates." became the umbrella for work to enable the new associations to become advocates for member interests and conduits for capacity-building efforts designed to make decentralization sustainable.

B. DLG/DDG Program Activities in local governance

By the end of 2000, DLG's principal decentralization support activities were in place. The new Building Institutions for Good Governance (BIGO) activity (budget and financial management for 20 local governments; association support, and a Resource Cities program) and the Performance-Oriented Regional Management (PERFORM - PDPP) activity, to provide participatory developing planning assistance to 30 local governments and decentralization policy assistance to the central government, was being contracted to ensure a seamless continuation of the principal assistance provided under the CLEAN-Urban project which ended in April 2001. Taken together, these activities formed the bulk of DLG's direct assistance for local governments on core governance

In mid-2003, USAID/Indonesia decided to accelerate the process to develop a new Country Strategy for 2005 - 2009, which also entailed reorganization of its units. Both BIGG and PERFORM W~ requested to continue with a fourth year of implementation to act as a bridge from the old to the new USAID strategy in Indonesia.. Decentralization is a major cross-cutting theme for the new strategy and the purpose of extending BIGG and PERFORM was to maintain .relationships with local government and help create an entry point for the scctora1 programs which will work increasingly at the local level. BIGG and PERFORM were mandated to focus increasingly on sectors in 2004 when working to strengthen general budgeting and planning competency in local government. Specifically, BIGG and PERFORM were requested to work with local governments on health, water and basic education.

The following gives a more detailed description of these DLG core activities:

PERFORM - Performance Oriented Regional Management
Contractor: Research Triangle Institute (RTI)
Dates: April 2001 -January 2005

The PERFORM project has three major components: (1) Fiscal Decentralization Policy, (2) Administrative Decentralization Policy, and (3) Participatory Development Planning.

- **Fiscal Decentralization Policy**

Under this part of the project, technical assistance is provided, primarily to the Ministry of Finance. on a broad range of fiscal issues related to decentralization and loca1 government. Major areas of work in fiscal decentralization policy include development of the fundamental revenue sharing and equalization concepts and formulas, local taxations. and development of appropriate and stable financing for local government expenditures and capital investments.

PERFORM is playing a significant role in the on-going evolution of local government finance concepts and practices.

- **Administrative Decentralization Policy**

Under this part of the project, technica1 assistance is provided, primarily to the Ministry of Home Affairs and Regional Autonomy, on a very broad range of issues related to the development of policies and procedures to enable]local government to be effective, accountable, and participatory. Major areas of work in administrative decentralization policy include definition of obligatory functions and minimum service standards for local governments, development of performance budgeting and financial management standards and practices, corporate planning for local government enterprises, and inter-regional cooperation. PERFORM's administrative decentralization policy work plays a critical role in facilitating international donor cooperation and inter-agency discussion and in ensuring that central government policy and regulations appropriately respond to the requirements of local government under decentralization.

- **Participatory Development Planning (Program Dasar Pembangunan Perkotaan, PDPP)**

This is, in terms of funding, direct impact on local governments, and volume of activity, the largest component of PERFORM. Until FY2000, almost all local planning was directed and control1ed by the central planning agency Bappenas) with almost no regard for local conditions or local participation. Under the CLEAN-Urban project (PERFORM's predecessor), a model participatory 111edium-Ulm development planning process was piloted successfully and became Ministry of Home Affairs policy for local planning. In impact, this i$ almost revolutionary in Indonesia. giving local governments a tool to develop comprehensive plans for all the sectors over which they now have authority and to systematically engage people's p811icipation in this planning activity. Many local governments have embraced the PDPP with enthusiasm, and the demand for technical assistance in implementing it has far outrun the supply. PERFORM has worked intensively with more than 30 local governments in six provinces, and on an outreach basis with about another 150 which is now being followed up with work in 40 other districts through local counterparts. Efforts arc underway to enable the PDPP to become the practical norm for local governments planning, in rural as well as urban areas, a.o. resulting in several local government regulations.

BIGG: Building Institution for Good Governance
Contractor: International City Management Association (ICMA)
Dares: October 2000 - September 2005 (Resource Cities and Association Strengthening components); October 2000 - February 2005 (Budget Task Order).

The Building Institutions for Good Governance (BIGG) Program supports municipal autonomy, fiscal accountability, and a better il1fonned and involved citizenry with regard to government budget processes and decision-making in Indonesia. BIGG is a multi-year program that establishes partnerships between Indonesian and U.S. looa1 governments and provides on-site training and technical assistance to Indonesian local government officia1s. This includes how to use the budget as a tool for managing and controlling financial resources, making planning decisions, and communicating municipal needs, issues, and priorities to citizens. By doing so local governments can benefit from improved efficiencies in expenditures and. general management. Over time this will help to improve the quality of government services and. local governments to expand. service delivery to a broader customer base.

The BIGG program has three major components: (1) Core Budget and Management Trail (2) Resource Cities, and (3) Support to the Local Government Associations.

- **Core Budget & Management Training**

Under the new national regulations. local governments are required to implement performance budgeting. For the first time, local governments must include information in the budget on goals. objectives and community priorities for a given fiscal year; perform standards and measures; unit costs for budgeted items; personnel; and historical data to understand trends and explain differences from one budget year to the next The Core Budget and Management Training component is currently working with 18 local governments by providing them with models, techniques. and suggestions on how to I a performance budget, with the participation of four earlier assisted districts. The performance budget, if done well, can provide considerable feedback to department he and decision-makers on issues that are critical for improving government services. Specifically, performance budgeting provides operational direction, increases accountability makes the budget process more objective, is useful for evaluating employee performance and is a powerful policymaking and oversight tool.

BIGG is using a variety of techniques to transfer knowledge and build skills at the local government level. On-site consultancies are supplemented by local, regional and national, training workshops and conferences. Newsletters, publications series, a project website, a database of publications and training resources are additional tools. The 22 local governments are also being supplied with an internet connected computer to support efforts, facilitate information exchange, and provide access to the wealth of information available to local governments on the worldwide web.

- **Resource Cities**

Twelve local governments in Indonesia have been partnered with similar local govern in the U.S. through a technical exchange program to further support improved manage and budget skills. By linking Indonesian officials with counterparts in the V.S., they I introduced to new ways of doing business. Seven Indonesian cities and districts have selected for the first round of partnerships. They are working with their U.S. colleagues such issues as port development, natural resource management, and improved inter governmental relations. The program gives them the opportunity to witness first hand U.S. city engages their citizens in an open budget hearing or to learn bow a county government has promoted economic development while protecting the local environment. As with the Core Budget and Management Training, this component of the program in developing best practices that will be shared with other local governments across the archipelago.

- **Local Government Associations**

In order for decentralization to be sustainable, local governments must have the capacity to deliver services and they must also have a strong voice shaping national policy that affects them. The local government associations can play a role in both these things by providing technical leadership and training as well as acting as an advocate for the members. BIGG is working with the three associations that represent the provincial, city, and district governments. Through partnerships with U.S. associations and technical assistance from U.S. association development experts, BIGG is helping these newly established associations to provide the services demanded by their members. Recently, BIGG has facilitated a series of discussion meetings to help the associations develop policy statements regarding revisions to Laws 22 & 25, which are essentially the framework for decentralization. By building up the capacity and skins of the associations, all local governments will benefit as they will have representatives actively engaged in the national policy dialogue and will be able to receive much needed technical cadership from within.

C. Purpose of the Single Evaluation

From its inception in the present Mission strategy, DLG has taken an integrated, programmatic approach to achieving its strategic objective of strengthening decentralized local government each of DLG's activities was developed to support achievement of specific intermediate results. Each contributed directly toward SO achievement, either through specific advisory and capacity building activities or through monitoring and evaluating the status of progress.

Rather than funding separate evaluations for the two core programs. this evaluation will cover the capacity building programs of both BIGG and PERFORM. Of particular concern is the extent to which the activities supported by BIGG and PERFORM~PDPP successfully met the needs of local governments and armed them with an administrative toolkit that will allow them to more effectively carry out the duties and responsibilities under Laws 22 and 25. In order to provide useful inputs to the new Local Governance Support Program, the evaluation win focus on PERFORM's PDPP work and other field-support programs and on BIGG's Core Budget and Management activities.

The evaluation should determine to what extent contractors have accomplished the tasks laid out in the yearly work plans with an analysis of implementation progress and achievement of work plan goals as well as provide a general critique of the strengths and weaknesses of their technical approaches. It should then consider the extent to which the activities conducted

are actually enabling the accomplishment of the objectives stated in the results framework that guided work plan development The contractor Should work with each CTO and program contractor to agree on the details and scheduling of the evaluation process, including any additional criteria by which the program should be evaluated if deemed necessary and appropriate.

Once an evaluation of also and PERFORM's capacity building programs are complete, the Contractor should analyze the extent to which the training and consultancy efforts, individually and overall, are contributing to the increased ability of local governments to meet the demands of their new responsibilities in a professional, efficient, transparent and responsive manner.

In relation to the two different stages that both projects have experienced as explained in the Background (page 8 onward) the contractor may align the performance criteria into two main phases:

(a)   original scope of work of 2001-2003. making use of performance indicators that have been developed for the projects;
(b)   expanded scope of work for 2004, where both projects are a1so required to be responsive to and closely coordinate with sectoral programs of US AID.

The final assessment should result in recommendations as to programs that should be phased out, extended, augmented, revised or combined, and suggestions as to new programs that could enhance the ability of DDG to achieve its strategic objectives under the new LGSP.

III. Statement of Work

The purpose of this task order is to conduct a final evaluation of select activities within the USAID Office of Decentralized Local Government (DLG) portfolio (FY 2001 to FY 2004), to make recommendations for capacity building models and technical approaches to planning and budgeting that should be supported by the Local Governance Support Program.

The evaluation of the BIGG-Core Management and Budget and PERFORM.PDPP projects should include both an assessment of the extent to which these programs have achieved the goals and objectives 5tated in the task orders governing these projects and an assessment of the extent to which these programs have or have not helped arm local governments in Indonesia with the administrative tools they need to manage their new responsibilities in a transparent, efficient and participatory manner. The evaluation should identify lessons learned, weaknesses and strengths in terms of both the technical approaches to planning and budgeting and the training modules, and linkages with other technical assistance programs aimed at strengthening local government management and service delivery.

The Contractor will perform the following tasks:

1.   Collect and review relevant program materials

Materials to be reviewed should include:

• Background materials on the decentralization process in Indonesia. The DGG office can provide some of these materials but the contractor should work to update any information provided and collect additional material that could be useful to this evaluation.
• The Mission Strategy Documents and annual program evaluations.
• The DLG Performance Monitoring Plan and associated documents.
• Scopes of Work, work plans, and interim reports particular to each project as well as any additional materials deemed necessary by the project CTO. An evaluation of the CLEAN Urban Project was completed in 2002 and will provide the contractor with a valuable input in evaluating the PERFORM - PDPP project.

2.   Develop criteria which BIGG and PERFORM will be evaluated.

The contractor should work with the CTOs and program staff to determine the exact criteria by which each program and its contribution to the strategic objective will be evaluated. The era for each project must approve the criteria before the evaluation begins. Source material for criteria should include the DLO Performance Monitoring Plan (attached as Appendix 4), the annual work plans, and any other measures agreed upon as necessary and appropriate.

3.   Conduct interviews with USAID staff and contractors/grantees, other donors, and representatives of GOI entities, local governments, NGOs and community groups being assisted by BIGG and PERFORM.

Interviews should be designed to solicit information on the effectiveness and usefulness BIGG and PERFORM's capacity building efforts, the extent to which these projects facilitated or did not facilitate the accomplishment of the DLG strategic objective, and environmental factors that might have influenced and may continue to influence the short and long-term viability and/or desirability of efforts to build the administrative capacity of local governments. Interviews should also solicit information that will help determine a wise future trajectory for efforts to deliver core administrative support to local governments under the new "Democratic and Decentralized Governance" SO.

It is expected that the evaluation team will make field visits to a number of local governments where the BIGG and PERFORM programs operate. The evaluation team should coordinate the identification and selection of sites for field visits with USAID.

4.   Arrange meetings with other SO teams and other donors involved with assistance to local governments in light of Decentralization.

The goal of these meetings should be to identify and discuss the extent to which BIGG-Core Budget and Management and PERFORM-PDPP activities support or complement their activities; the strengths and weaknesses of BIGG and PERFORM' 5 capacity building efforts; and recommendations on elements of BIGG and PERFORM which should be continued. phased out or revised. Contractors should be ready to provide an outline of the activities carried out by other SO teams and other donors in

order to help us establish a clear sense of where we fit into the picture and how we can best maximize our impact. It is very important to understand how the capacity building efforts under BIOO and PERFORM support or complement sectoral programs aimed at improving basic services such as health, nutrition, water, and education.

5. Prepare draft evaluations of BIGG-Core Budget and Management and PERFORM PDPP programs. Present these to USAID DDDG staff, contractor staff, and counterparts for comment.

These individual program evaluations will include but not be limited to the following:

- An examination of the extent to which each of the activity contractors has accomplished the tasks laid out in annual work plans, with an analysis of progress and achievements, as well as any deficiencies that may be found.
- An analysis of the extent to which the activities conducted enabled the accomplishment of the objectives stared in the results framework that guided the work plan development.
- An assessment of the strengths and weaknesses of each activity and the extent to which the results envisioned for it in the DLO Performance Monitoring Plan have been accomplished.

6. Prepare a draft final evaluation complete with recommendations for future program directions.

Drawing upon the individual activity evaluations, prepare a draft evaluation and recommendations as to activities that could be supported by LGSP. The evaluation should also suggest ways of improving program management and include recommendations as to activities that should be phased-out. continued, augmented, revised or combined.

7. Present complete evaluation and obtain feedback from USAID/DDG and selected counterparts.

PowerPoint presentation should be made to USAID/Indonesia and select counterparts. The presentation should complement the delivery of hard copies of the draft evaluation.

8. Complete final draft of complete evaluation.

The final draft of the evaluation will be made following receipt of verbal and written comments from DDG staff.

V. SCHEDULE AND DELIVERABLES

To accomplish the task, the Evaluation Team should begin work within 14 days of the signing of the Task Order and complete the work within a period of no more than 6 weeks thereafter.[30] The Team will be allocated up to three (3) weeks of time in Indonesia (6 days work week.) for information-gathering, analysis and preparation of a draft report. Team Members may be granted three days of advance preparation time at their home base and expatriates will have an additional two days of travel time to and from Indonesia.

The Evaluation Team shall provide an outline of its draft report by the end of the tint week in Indonesia and shall periodically (no less than weekly) brief Mission management and technical personnel on overall progress, findings and development of concepts/ideas, and preliminary results and recommendations.

Not less than two days before the end of the work period in Indonesia, the Evaluation Team shall circulate a draft of its report and then, on or before the final day, present a briefing to Mission management, technical personnel and project staff on the findings and recommendations of the evaluation.

The following sections must be included in the evaluation report prepared by the team:

1. Executive Summary
   - Statement of the goals and objectives of local government capacity building activities supported by BIGG and PERFORM.
   - Purpose of the assessment and methodology used
   - Findings and conclusions
2. Table of Contents
3. Body of the Report
4. Appendices. including
   - A list of documents consulted
   - A list of individuals and organizations contacted, by location. More detailed discussion of technical issues as appropriate

Upon completion, the contractor should deliver 10 copies of a bound report to the Director of USAID/DDG. The final report is due no later than March 04, 200S.

The Contractor is required to submit a copy of the final evaluation report to USAID's Document Exchange Clearinghouse "at: docsubmit@dec.cdie.org:. For information on what is required and how to send it, see the web page at http://www.dec.org/submit.cfm.

Workplan

The tasks of this scope of work wm be guided by a work plan to be prepared by the Contractor and approved by USAID. The work plan should provide target. dates for initiation of project activities, provide reasonably detailed descriptions of the tasks and activities of each specialist and the project as a whole, and establish benchmarks for performance of each of the four

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[30] For the purposes of this document reference to the "start date" will refer to the date on which the contractor mobilizes project activity - no later than 14 days after signing the task order in this case.

tasks. Work plans need not be exhaustive or unrealistically detailed, but should be performance and task oriented. It is expected that! implementation of this task order will achieve the following benchmarks for activities and tasks:

1. Mobilization: the Contractor shall mobilize all essential staff. with at least minimal local support staff, within 5 days of the start date.

2. Work Plan: the Contractor shall submit a work plan, as described above and following consultation with USAID. within 8 working days of the start date.

3. Collect and review relevant program materials including but not limited to:
   - Background materials on the decentralization process in Indonesia.
   - The Mission Strategy Documents and annual program evaluations.
   - The PLO Performance Monitoring Plan and associated documents.
   - Scopes of Work, W orkp1ans, and interim reports particular to each project as well as any additional materials deemed necessary by the project CTO.
   Review should be completed within three weeks from the start date for this project.

4. Evaluation Criteria: The contractor should work with the CTOs and program contractors to determine the exact criteria by which each program and the performance of the strategic objective win be evaluated. The CTO for each project must approve the criteria before the evaluation begins. Eva1uation Criteria should be established. with fins] CTO approval by the beginning of the third week from the start date. .

5. Conduct interviews with USAID, 001, local governments, other donors, NGOs/community groups, and contractors/grantees. Interviews should be designed to solicit information for the local government needs assessment, the cffectiveue5s and usefulness, priorities that need to be addressed to ensure the accomplishment of the DDG strategic objective, and environmental factors that might influence the short and long-term viability and/or desirability of DDG funded projects. Interview should be completed by the beginning of the fifth week of the start date of the project.

6. Prepare and present draft evaluations - probably not more than 10 pages each of BIGG-Core Budget and Management and PERFORM-PDPP. Draft eva1uations should include consideration of the contribution of the project reviewed to the goals and objectives of the DLG SO and the expressed needs of Indonesian local governments. Present these to USAID staff and counterparts for comment. Draft evaluations should be completed and presented to USAID and select counterparts no later than the be8inning of the fifth week after the program start date.

7. Arrange meetings with teams and donors to identify and discuss activities that might be phased out. These meetings should be completed by the third day of the fifth week after the project start date.

8. Prepare and present recommendations as to the structure of activities supported under the new strategy. Consideration should be given to a combination of the expressed needs of local governments, activities of other donors, activities supported by other SOs and the comparative advantage of USAJD, as well as an assessment of environmental factors that might confound or enhance our ability to achieve the goals and objectives stared in the new strategy. The assessment should suggest ways of improving program management and include recommendations as to program approaches that should be phased-out, extended. augmented. revised or combined, and new programs that could enhance the ability of the DDG team to achieve the goals of its strategic objective   .

9. A complete draft of the evaluation and recommendations, including changes that result from feedback received from DDG Team and select counterparts should be completed and delivered to the DDO Team at the finish of the fifth week.

10. Complete final draft of evaluation. The final draft of the evaluation should be completed no later than three months after the task order is signed.

11. Provide 10 copies to the USAID-DDG office not later than three-months after the task order is signed.

VI. RELATIONSHIPS AND RESPONSIBILITIES

The Contractor will report to and be under the technical direction of USAID/Indonesia. The Contractor will be work closely with the Deputy Director of Office of Democratic and Decentralized Governance (DDG); and other staff of DOO.

The USAID CTO of this work will be the DDG's Senior Urban Policy Advisor at USAID/Indonesia.. The Contractor will work closely with other members of DDG staff, including the Local Government Advisor and FSN project management specialists as well as the staff of BIOO and PERFORM. The Contractor win develop implementation relationships with the select officials from pertinent central ministries and local government officials; The contractor should also confer with other donors, selected NGOs and community groups working to support local governments in Indonesia.

Appendix 2: Evaluation Team Itinerary

Date	Team A Henry Kellam, S. Juliani	Team B Rob Varley, Dedi Hariyadi
30 January – 6 February 2005		
4 February	Depok, West Java	
5 February	Karawang, Banten	Serang, Banten
6 February	Jakarta	
7 February	Surakarta, Central Java	Jogjakarta, DIY
8 February	Sukoharjo, Central Java	Jogikarta, DIY
9 February	Surakarta, Central Java	Jogikarta, DIY
10 February	Semarang, Central Java	Joyga
11 February	Ungaran, Central Java	Joyga
12 February	Pati, Central Java	Boyolali, Central Java
13 February	Semarang, Central Java	Boyalali, Central Java
14 February	Bukit Tinggi, West Sumatra	Makassar, South Sulawesi
15 February	Padang Panjang, West Sumatra	Makassar, South Sulawesi
16 February	Solok, West Sumatra	Gowa, South Sulawesi
17 February	Bukit Tinggi, West Sumatra	Pinang, South Sulawesi
18 February	Padang, West Sumatra	Takalar, South Sulawesi
19 – 27 February 2005	Jakarta	

Appendix 3: List of Documents Consulted

BIGG Core Management and Budgeting and PERFORM, PDPP Evaluation, Sample Questionnaire Draft 1/24/05.

BIGG/ICMA. *Report Pelaksana Lokakarya Seri B, Kabupaten Bogor, Kota Depok, Kota Bandung, Kota Kediri, Kabupaten Jember, Kota Bukittinggi, Kota Makassar, Kabupaten Gowa dan Kabupaten Takalar.* Jakarta, 2001. 24 pp

BIGG/ICMA. *Report Pelaksana Lokakarya Seri C, Kabupaten Bogor, Kota Depok, Kota Bandung, Kota Kediri, Kabupaten Jember, Kota Bukittinggi, Kota Makassar, Kabupaten Gowa dan Kabupaten Takalar.* Jakarta. 2001, 20 pp

BIGG/ICMA, *Budget Clinic I: Proceedings*, Jakarta. 2004. 48pp

BIGG/ICMA, *Budget Clinic II: Proceedings*. Jakarta. 2004. 47pp

BIGG/ICMA, *Budget Clinic III: Proceedings*. Jakarta. 2004. 37pp

BIGG/ICMA, Core Management and Budget Skills for Indonesian Local Governments, *Quarterly Report January 1 – March 31, 2001* through *Octiber 1, 2004 – December 31, 2004*. Jakarta. 2001. 8pp

BIGG/ICMA, *Facilitation Workshop for Local Coordinators: Proceedings*. Jakarta. 2002. 14 pp

BIGG/ICMA, *Final Report on Core Management and Budget Skills for Indonesian Local Governments. September 30, 2000 – February 11, 2005*. Jakarta. 242 pp

BIGG/ICMA, *III National Conference on Local PERFORMance BUDGET Development And Working Group Meeting: Proceedings*. Jakarta. 2003. 55 pp

BIGG/ICMA, *Kota/Kabupaten Inti Meeting: Proceedings*. Jakarta. 2003. 53pp

BIGG/ICMA, *Pemda Sukses Successful Local Government. Quarterly Report 1, October 1- December 31, 2000*, Jakarta. 2001.

BIGG/ICMA, *Post Workshop Evaluation Result Data, Kota Samarinda, Kota Balikpapan, Kota Padang Panjang, Kabupaten Padang Pariaman, Kabupaten Sukoharjo, Kabupaten Pati, Kabupaten Sleman*, Jakarta. 2002. 53pp

BIGG/ICMA, *Report on Kota/Kabupaten Inti A Meeting, Kota Bogor, Kabupaten Pati, Kota Balikpapan, Kota Samarinda, Kabupaten Sukoharjo, Kabupaten Sleman*. Jakarta. 2003. 55pp

BIGG/ICMA, *Report Pelaksanaan Konferensi Regional Penyusunan Anggaran Kinerja Daerah*. Jakarta. 2003. 103pp

BIGG/ICMA, Report *Pelaksanaan Lokakarya K2K Seri A Proceedings of K2K Series A Workshop*. Jakarta. 2003. 87pp

BIGG/ICMA, *Report Pelaksanaan Lokakarya K2K Seri B Proceedings of K2K Series B Workshop*. Jakarta. 2003. 82pp

BIGG/ICMA, *Report Pelaksanaan Lokakarya K2K Series C Workshop: Proceedings*. Jakarta. 2003. 130pp

BIGG/ICMA, *Report Pelaksanaan Lokakarya Perancangan dan Pelatihan # 2*. Jakarta. 2002. 19pp

BIGG/ICMA, *Report Pelaksanaan PBB Assessment Workshop, Hotel Sheraton Bandara, 3–14 November 2003*. Jakarta. 2003. 20pp

BIGG/ICMA, *Report Pelaksanaan PBB Assessment Workshop for CCT Jakarta*. 2003. 102pp

BIGG/ICMA, *Report Pelaksanaan Training of Material Seri A*. Jakarta. 2002. 29pp

BIGG/ICMA, *Report Pelaksanaan Training of Traners (TOT), Provinsi Jawa Tengah Seri ABC Penyusunan Anggaran Berbasis Kinerja*. Jakarta. 2002. 5pp

BIGG/ICMA, *Report PERFORMance Report Workshop*: Jakarta. 2004. 110pp

BIGG/ICMA, *The BIGG Picture (newsletters).* Editions July 2001 through December 2004.

BIGG/ICMA, *TOM ABC Series Workshop*: *Proceedings*. Jakarta. 2004. 21pp

BIGG/ICMA, *ToM Series B Workshop: Proceedings*. Jakarta. 2003. 56pp

BIGG/ICMA, *ToM Series C Workshop: Proceedings*. Jakarta. 2003. 108pp

BIGG/ICMA, *Training Design Workshop # 1: Proceedings*. Jakarta. 2002. 33pp

BIGG/ICMA, *Training of Material A Series Workshop: Proceedings*. Jakarta. 2003. 76pp

BIGG/ICMA, *Training of Material Seri B: Proceedings*. Jakarta. 2002. 6 pp

BIGG/ICMA, *Training of Material Seri C: Proceedings*. Jakarta. 2002. 9pp

BIGG/ICMA, *Training of Materials (TOM) on Own Source Revenue: Proceedings*. Jakarta. 2002. 23pp

BIGG/ICMA, *Result of Post A, B & C Workshop Evaluation Analisys, Kota Samarinda, Kota Balikpapan, Kota Padang Panjang, Kabupaten Padang Pariaman, Kabupaten Sukoharjo, Kabupaten Pati, Kabupaten Sleman.* Jakarta. 2002. 10 pp

BIGG/ICMA, *Training of Materials (TOM) On Sub-Ordinate Enterprise: Proceedings.* Jakarta. 2002. 30 pp

BIGG/ICMA, *Training of Trainers (TOT); Proceedings.* Jakarta. 2001. 16pp

BIGG/ICMA, *Workshop on Own Source Revenue*: Proceedings. Jakarta. 2002. 21pp

BIGG/ICMA, *Workshop on sub–Ordinate Enterprises*: Proceedings. Jakarta. 2002. 139pp

BIGG/ICMA, *Workshop Series A, On Local Government Perfomance Budgeting: Proceedings.* Jakarta. 2002. 28 pp

BIGG/ICMA, *Workshop Series B On Local Perfomance Budgeting, Kota Bogor, Kabupaten Pati, Kota Balikpapan, Kabupaten Bulukumba, Kota Samarinda, Kabupaten Sukoharjo, Kota Padang Panjang, Kabupaten Padang Pariaman, Kabupaten Sleman, Kota Yogyakarta: Proceedings.* 2002. 38 pp

BIGG/ICMA, *Workshop Series C1 and C2 On Local Government Perfomance Budgeting, Kabupaten Sukoharjo, Kota Padang Panjang, Kabupaten Padang Pariaman, Kabupaten Sleman, Kota Yogyakarta, Kota Bogor, Kabupaten Pati, Kota Balikpapan, Kota Samarinda, Kabupaten Bulukumba: Proceedings.* Jakarta. 2002. 39pp

Budi Winarno, *Bundel Berita Perencanaan Partisipatif, PERFORM.* Jakarta. 2004, 422pp. Kumpulan Majalah

Departemen Dalam Negeri Republik Indonesia, *Panduan Penyusunan, Program Dasar Pembangunan Pertisipatif, Departemen Dalam Negeri Republik Indonesia.* Jakarta. 2003. 900pp

Departemen Dalam Negeri, *Panduan Dasar Penyusunan Corporate plan BUMD/RSD.* PERFORM. Jakarta. 2004, 672pp, Surat Edaran

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Appendix 4: List of Individuals and Organizations Contacted

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Supardo, Dit. Perencanaan Pembangunan Daerah Ditjen Bina Bangda, Departemen Dalam Negeri

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USAID Jakarta

William M. Frej, USAID Mission Director

Jon D. Lindborg, Deputy Director

Richard Houg, Supervisory. Program Officer

James Hope, Program Officer, Education

Jon Wegge, Senior Advisor, DDG

Jessica Tulodo, Program Manager, DDG

Theresa Tuano, Program Officer, BHS

Sri Probo Soedarmo, Program Specialist, DDG

Carlos Gavino, CTO, DDG

Monica Gillickson

Former BIGG staff

Geoff Swenson, Chief of Party

Heru Setyanto MSi, Local Coordinator BIGG/

Budi Rahajo, Regional Manager, Central Java

Fitri, Accounting Staff/Interpreter, Jakarta

Hernowo DM, Local Manager, Depok

Heru Setianto

Former PERFORM staff

Robert van der Hoff, Chief of Party

Zulfikar Khan, Local Manager, West Sumatra

Isa Anshari, Semarang

Tris Suswanto, Local Manager, Central Java

Anti, Office Manager

Catur Rukmiyanti, PERFORM

Firdaus, LM, Padang Panjang

Faraouk, LM, Agam

Hariyanto, LM, Solok

M. Bisri, Jemari

West Java

Depok - Local Government

Drs. Sri Utomo, Ka Subag Anggaran Keuangan

Budiarto Kario, Ka Subag Perbendaharaan & belanja Pegawai (keuangan)

Achmad Karyaman, Staff Keuangan

N. Lienda R SH, Kasubag Administrasi Pembangunan

Hendra Kurniawan, Staff Bag Adm. Pembangunan

Rina F Bahar, Dinas Depok

Mien Hartati, Dinas Depok

Asep Roswanda, Disdik Depok

Zamroni, Bappeda

Achmad Karyaman, Bag. Keuangan

Nasrun ZA, Bappeda

Depok - Non-Government Stakeholders

Bambang Capicoren, Depok Hijau

Yoesky R, Komppek

Yusuf Trilis U, DPC

Daos A F, BRU

N Alamsyah P, LAMM

M. Bahtiar H, FAAK

Norman Arief, LAMM (Ketua)

Mulyadi Pranowo, Forum Badan Keswadayaan Masyarakat Kota Depok

Bayuaji, PPD

M. Fuad, Komunitas Kajian Sistem Informasi Pemerintahan

Ari Wibowo, Rivaria Peduli

Fikri Saleh, U. Gunadarma

Banten

Serang - Local Government

Aman Sukarso, Sekda

Toto Suharto, Perbendaharaan BPKD

Sigit Purwanto, BIGG

Emi Karmi, Bag Keu Setda

Irawan Noor, Bappeda

Komaruddin, Bid Anggaran

Tanto Sriyono, Bappeda

Odi Budiono, Kabag TU/Sekretaris Dishub

Muhammad Fitri, Bappeda

Karawang – Non Government Stakeholders

Bambang Suparjo, STMIK Pamitran LM Karawang

Abdul Ary, Dutha Tani

Basaman, Disdik

Ika Nuryati, STIMIK Pamitran

Daerah Istimewa Yogyakarta

Yogyakarta - Local Government

Endah SK, Forkuma

Antik Suharyanti, BPKD

Tri Djoko Susanto, Bappeda

Anik, Bappeda Kota

Yogyakarta – Non Government Stakeholders

Endah SK, Forkuma

Central Java

Kebumen - Local Government

Adiasto, Ass III

Witoyo Priyo Laksono, Ass I

Bekti Hidayat, Bappeda

Supriyandono, Bawasta

Dyah Woro Palupi, Bag Keuangan

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M. Wardan, Dinar P dan K

Budi Astuti, Kapenda

Djarot Priyono, Dinas Kesehatan

Eko Juni P, Dinas Kesehatan

Supangat, Keuangan

Djoko Sutrisno, Bappeda

Anden Koeyoso, Kimprosda

Suprapto Harto, DKK

Umi Harjanatan, Bappeda

M. Arifin, Bappeda

Suprapto, Bag Keu

M. Arief Irwanto, Bag Adm pemb

Sukoharjo - Local Government

Soeprapto, Sekda

Drs. Haryanto, Bapedda

M.H. Anhari, Asisten II

Suryono, DKK

Sis Sutarwi, Perekonomian

Heru Sutopo, Pendidikan

Agus S, BPKD

Didik Septiawan, Bag. Perekonomian

Djoko H, Adm. Pembangunan

Bambang, DPU

Suratno, DPU

Sapta M, Bappeda

Sugiono, Bappeda

Setiono, Bappeda

Ig. Soewito, DPU

Suyoto, Bag Bin-sos

Sukoharjo - Local Government

Gajah Supardi, LSM

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Fadjar Hari Mardiansjah, Urban & Regional Development Planner

Semarang - Universitas Diponegoro

Mardwi Rahdriawan, Idem

Ungaran - Local Government

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Gunawan Wibisono, Bappeda

Moh Nafris M, Bappeda

Tomi Oktoriyanto, Bidang PW Bappeda

Imam Mahdi, Dipenda

Anung S, Sekda (Pembangunan)

Ungaran – Non Government Stakeholders

Sugiarfa, Forkoma/CC

Anti Mukafa'ah, Fatayat-MV

Merlin, Domles

Boyolali – Local Government

Hindarto, Bappeda

Boyolali – Non Government

Ronny, Forasi

Istamar, Lakpesdam NV

Rita susanti, HIPMI Kab Boyolali

Sunaryanto, BP Forabi

Pati – Local Government

Sarjana, Dinas Kesehatan

Bawono T, Dinas Sarana dan Prasarana

Widji Saksana, Badan Pengawas Kab

Soehartono, Kabid Ekonomi Bappeda

Purwadi, Sekretaris Bappeda

Wahyu Hastati, Bappeda

Sumarto, Pol PP

Siswantari, Tim Teknis PDPP

Dian Setyori, Bag Pembukuan dan Verifikasi

Indah Kartika D, Anggaran & Perbendaharaan Setda

Nasikus, Anggaran & Perbendaharaan

Munadi, MBEP

Sulistyo Tulus Widodo, Dinas Pendidikan

Sarpan, Dinas Pendidikan

Turi Atmoko, Bappeda Pati

Marta, Bappeda Pati

Pati – Non Government

Witowo, Perguruan Tinggi

Kasmuri Achmad, LP25 (Forum NGS)

Hadi Mulwijono, (Forum NGS)

Wahyu Setyowati, BKD

M. Nasich, FNGS

Moelyono, Sekolah Tinggi Agama Islam

West Sumatra

Padang Panjang – Local Government

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Basri HS, Bappeda

Fauziah Elytha, DKK

Yallis Andri, Disdik

Ribaldi, Bappeda

Suprawardi, Kab Anggaran

Yasman, BKD

Zulkifli Jahmeza, KAD

Khairul Hamdi, Wawako

Usman Amir, Ka Bappeda

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Unggul, Bappeda

Atrizak, PDAM

Eva Juliet, Bappeda

Murdi Tahman, PDAM

Bujang Putra, Dinas Pendidikan

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Novirna (Rina), Bag Keuangan

Azwar Hijas, Ka DKK

Jetson, Chief of Controlled Devl Adm Dept

Tun Sri Adam, Tim Teknis

Fatrial Paskai, KTU Bappeda

Padang Panjang – Non Government

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Septi Suhermi T, FPPMKS

Fazrinal, FPPMKS

Muharizal, FPPMKS

Solok – Local Government

Fridas Iryani, Bappeda

Yass Andria, Perekonomian

Syamsir A, RSUD P.Panjang

Sri Syahwitri, Bappeda

Syafiwal Azzam, DKK

Wisma E, Dinas Pendidikan

Rusdianto, Bappeda

Mastr

Solok –Non Government

Ireli Sofa, NGS

Syafiwal Azzam, DKK

Adi Nur Syah, Direktur PDTS

Mastri

Bukit Tinggi – Local Government

Saharuddin, Bappeda

Elman Fitri, Dipenda

Budi Hanijuto, DLH

Febri Erizay, Bappeda

Winarno, Bappeda

Syamsuziral, Sekwan

Bukit Tinggi – Non Government

Yuniarti, Minang Bordir

Nurul Huda, Minang Bordir

Padang - Universitas Andalas

Hairuddin

Muh. Ridwan, Ketua CPP/WPMP

Rusman Achmad, Lokl Ketua

Apriwan, Secretary of Centre for Participatory Planning

Dr. Asdi Agustar M SC, Dosen Pasca-sarjana

South Sulawesi

Makassar – Local Government

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Burhanuddin W, Kabid Sosbud

Suryadharma, Jaringan Advokasi Masy

Tamsil SE, LSM Lepmaco

Gowa – Local Government

Singgih, Perform's Investment Specialist of South Sulawesi

H Syafrudin, Sekretaris Daerah Kabupaten Gowa

Malingkai Magnam, Ketua DRPD Kabupaten Gowa

Pinrang – Local Government

Nawir Islamudin, Bagian Keuangan

Hairudin, Bagun Hukum

Appendix 5: Priority Areas to be Considered

Main Priority Areas for Evaluation of BIGG Core Management and Budget and PERFORM – PDPP [31]

Objective: Evaluate both program components to ensure that SO objectives were met, and to incorporate lessons learned and experience into the design and approach of the work plan for the Local Governance Support Project (LGSP).

I. **Approach** – the evaluation should critically look at the approach of both programs to determine its effectiveness in achieving its objectives, including

   a. A critical review of approach and methodology of both BIGG and PERFORM programs in achieving objectives of planning and budgeting to promote transparent and accountable local governance and efficient delivery of basic services to the community.
   b. Assessment of the mechanisms utilized in ensuring maximum citizen participation in the planning and budgeting process.
   c. Evaluation of the development of innovative and effective TA and training approaches of the programs to reach a wider number of local governments and ensure buy-in, assimilation and sustainability.
   d. Synergism achieved in both BIGG and PERFORM programs, and how both programs "fit together".

II. **Program Implementation** – program implementation should be examined to show the manner and efficiency in which the annual work plans have been implemented, including:

   a. A review of the linkages of participatory planning and performance-based budgeting to the districts' overall and sectoral plans and budgets.
   b. Assessment of the extent of collaboration of BIGG and/or PERFORM with other bilateral and multilateral programs.
   c. Assessment of the quality of commitment of recipient local governments to the programs, spanning both the program period and post-program. Evaluation of the role and contribution of counterparts and stakeholders.
   d. Analysis of the sustainability of the programs, i.e. institutionalization of the processes, monitoring and evaluation of implementation and replication of best practices.
   e. Evaluation of the quality, effectiveness and timeliness of the training programs of both BIGG and PERFORM.
   f. Analysis of the implementation and monitoring issues and program limitations experienced by both programs.

III. **Impact** – a comprehensive evaluation of the impact of both programs in fulfilling capacity-building objectives should be made, including:

   a. Assessment of the impact of BIGG and PERFORM programs on the development priorities of local governments, and in the case of BIGG, development of a "culture" of performance orientation.
   b. Achievements of both programs in terms of capacity-building and promoting good governance practices.
   c. Assessment of the impact on improvement of service delivery and financial efficiency of recipient local governments.
   d. Evaluation of the quality of decision-making in local governments as a result of both programs.
   e. Review of the sustainability of the programs including its impact on the institutions of the recipient governments, and the prospects of continuing the process beyond bilateral assistance.

A major focus of the evaluation should be to provide lessons learned, experience and "ground-proofed" innovations implemented under both programs to be used as inputs into the design of the work plan of LGSP.

Democratic and Decentralized Governance Office (DDG)
USAID/Jakarta
January 18, 2005

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[31] The main priority areas for evaluation was prepared to guide the Evaluation Team on the main focus areas of the evaluation and not meant to in any way, to substitute for the tasks outlined in the Scope of Work of the Evaluation Study.

Appendix 6: Questions Guidelines
(Prepared by CTO for USAID/DDG BIGG – PERFORM Evaluation Mission)

I. Approach:

1. Conduct a critical look at approaches:
   a. Is PERFORM's PDPP a good model in the approach to participatory planning?
   b. What other approaches to participatory planning could be considered?
2. Is performance budgeting a good approach to improving service delivery? What are its strengths and weaknesses?
3. What is the value of integrating both performance budgeting under BIGG and participatory planning under PERFORM? How do both approaches "fit" with each other, or don't they?
4. Assess the introduction/use of innovative new approaches to TA and training to reach a wider number of local governments. Did this happen? How effective were these new approaches?
5. If a local government were to integrate participative planning and performance budgeting, how should this be done in light of experience under both programs?
6. To what extent and under what mechanisms are strategic partners (NGOs, CBOs, universities, forums) involved in implementation of both programs?
7. To what extent is citizen participation emphasized in the approach to both programs in terms of priorities?
8. Should local governments always have both BIGG and PERFORM assistance provided side by side? How effective was collaboration when both programs were provided to a particular district?
9. How effective or ineffective is either program when implemented only singly in one district?
10. How differently should performance budgeting and participatory planning be approached in LGSP? What innovative approaches can be introduced?
11. Is the methodology for disseminating good practices in planning and budgeting under both programs adequate and effective?
12. Assess the sustainability of the approach to planning and budgeting of both programs in terms of institutionalization and behavior change among the local governments.

II. Implementation:

13. Evaluate the extent of integration of both performance budgeting and PDPP in the particular local government, where both programs were provided. Was collaboration effective?
14. How do you assess the degree of community input into the planning and budgeting process of the local government?
15. Is the participation of community citizens pro-actively sought in either program?
16. Were multi-stakeholder forums effective in generating citizen participation in planning and decision-making?
17. How do you assess the quality of needs assessments studies produced by PERFORM?
18. To what extent was participatory planning and performance-based budgeting linked to the district plans and budgets?
19. How do you assess the quality of sectoral planning (health, education and water and sanitation) in the local government? Is linkage with district planning clear and unambiguous?
20. What were the limitations in terms of absorptive capacity of local governments?
21. How do you assess the quality of strategic planning by local governments?
22. What difficulties have been encountered by some local governments with regard to utilizing participatory planning and performance-based budgeting.
23. How differently was planning done before PDPP? In what sense was it not effective? Same for performance budgeting.
24. To what extent do other USAID SO programs know about/collaborate with both programs?
25. How did both programs contribute to the strategic objectives of USAID?
26. How effectively did both programs complement other Donors' decentralization programs?

27. What worked and not worked in both programs?

28. How do you assess the commitment of recipient local governments to the programs of BIGG and PERFORM? Is the MOU the best possible arrangement to obtain this commitment?

29. To what extent has the elements of the project monitoring plan guide developed by USAID utilized under the programs?

30. How effective have the independent service providers been in assisting to implement PERFORM - PDPP?

31. How much assistance has been provided to local government enterprises (BUMDs), and how effective has it been?

32. Assess the extent and quality of marketing and promotion efforts to obtain local government commitment under both programs.

33. Assess the quality and effectiveness of the training programs under both BIGG and PERFORM programs (quality of teaching materials, website, experience and expertise of trainors, and capability of local officials trained).

34. How do you assess the quality of staff of each of the programs. What about their skills mix? Their management capability?

35. Assess the quality of planning and budgeting in local governments without the benefit of assistance from any of the two programs.

36. Assess the effectiveness and extent of dissemination of brochures, newsletters and other promotional materials of both programs.

III. Impact:

37. Is there a mindset and good understanding on the part of local governments on the objective and purpose of programs introduced by BIGG and PERFORM?

38. To what extent have both programs captured the development priorities of the districts?

39. What has performance budgeting and planning assistance through BIGG and PERFORM achieved? Any empirical evidence?

40. Can you comment on the improvement or lack thereof in the quality of local government decision-making as a result of the two programs?

41. What is the impact of BIGG and PERFORM assistance on the planning and budgeting cycle of the local governments?

42. What was the impact of performance budgeting and/or participatory planning on local government administrative and financial efficiency, and more importantly delivery of basic services to the community (health, education and water and sanitation?

43. Did financial management systems evolve/improve as a result of performance budgeting?

44. Evaluate central government (Ministry of Home Affairs and Ministry of Finance) and recipient local governments' response to effectiveness/impact of both programs.

45. Is there a demonstrable "buy-in" among the recipient local governments, that they are willing to pay for future assistance themselves?

46. As far as sustainability impact, did both programs produce a cadre of local professionals in local governments, independent service providers and strategic partners capable of providing assistance?

47. Did BIGG help develop a "culture" of performance orientation among local governments assisted?

48. Can the "network" of planning and budgeting provided by both programs stand on its own with minimal future TA?

49. Conduct critical look at what are the specific "ground-proofed" innovative approaches and lessons learned that would be appropriate as inputs into the design of LGSP.