

497-237 Proj. 49702310
 PD-AAD-815-B1

AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT PAPER FACESHEET

1. TRANSACTION CODE
 A ADD
 C CHANGE
 D DELETE

2. COUNTRY/ENTITY
INDONESIA

3. DOCUMENT CODE
3

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 digits)
 497-0237

6. BUREAU/OFFICE
 A. SYMBOL **ASIA** B. CODE 04

7. PROJECT TITLE (Maximum 40 characters)
 Kabupaten Provincial Pl. & Mgt. Trg

8. ESTIMATED FY OF PROJECT COMPLETION
 FY 79

9. ESTIMATE DATE OF OBLIGATION
 A. INITIAL FY 77 B. QUARTER 4
 C. FINAL FY 78 (Enter 1, 2, 3, or 4)

10. ESTIMATED COSTS (\$000 OR EQUIVALENT \$) -

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FY	C. L/C	D. TOTAL	E. FY	F. L/C	G. TOTAL
AID APPROPRIATED TOTAL	220	0	220	369	101	470
(GRANT)	220	0	220	369	101	470
(LOAN)						
OTHER U.S. 1.						
OTHER U.S. 2.						
HOST COUNTRY	0	0	0	0	222	222
OTHER DONOR(S)						
TOTALS	220	0	220	369	323	692

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY 77		H. 2ND FY 78		K. 3RD FY	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
(1) FN	B 280	210	-	220	-	250	-	-	-
(2)									
(3)									
(4)									
TOTALS									

A. APPROPRIATION	N. 4TH FY		O. 5TH FY		LIFE OF PROJECT		12. IN-DEPTH EVAL. UATION SCHEDULED
	Q. GRANT	P. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN	
(1) FN	-	-	-	-	470	-	MM YY 019 79
(2)							
(3)							
(4)							
TOTALS					470	-	

13. DATA CHANGE INDICATOR WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET.

1 NO
 2 YES

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE *Sarah Jane Littlefield*

TITLE **Ms. Sarah Jane Littlefield
 Acting Director, USAID/Indonesia**

DATE SIGNED **10/18/77**

15. DATE DOCUMENT RECEIVED IN AID/W. OR FOR AID/W. DOCUMENTS, DATE OF DISTRIBUTION
10/15/77

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GLOSSARY OF INDONESIAN TERMS & ACRONYMS

1. **APDN (Akademi Pendidikan Dalam Negeri):**
Academy for Government Administration (bachelor-degree program)
2. **BADAN DIKLAT (Badan Pendidikan dan Latihan):**
Education and Training Body of Ministry of Home Affairs
3. **BAPPEDA (Badan Perencanaan Pembangunan Daerah):**
Provincial Development Planning Body
4. **BAPPEMKA (Badan Perencanaan Pembangunan Kabupaten):**
Kabupaten Development Planning Body
5. **BAPPEMKO (Badan Perencanaan Pembangunan Kotamadya):**
Kotamadya Development Planning Body
6. **BAPPENAS (Badan Perencanaan Pembangunan Nasional):**
National Development Planning Body
7. **DALAM NEGERI or DEPARTEMEN DALAM NEGERI:**
Ministry of Home Affairs
8. **DINAS:**
A line agency of the Province or of the Kabupaten/Kotamadya
9. **DIP (Daftar Isian Proyek):**
Annual Listing of local legislative body-approved Province or Kabupaten/Kotamadya project proposals
10. **DUP (Daftar Usulan Proyek):**
List of project proposals prepared by Province or by Kabupaten/Kotadya in connection with preparation of the annual budget (DUP precedes the DIP)
11. **IIP (Institut Ilmu Pemerintahan):**
Institute for Government Science (Master-degree program)

12. **IMPRES (Instruksi Presiden) FUNDS:**
Presidential Instruction-based subsidy to the local governments
13. **KABUPATEN:**
District; an autonomous level of local government immediately below the Province
14. **KANTOR WILAYAH:**
Vertical offices; offices of National Government Ministries operating at the province level
15. **KECAMATAN:**
An administrative subdivision of the Kabupaten/Kotamadya
16. **KODYA (Kotamadya):**
An autonomous level of local government immediately below the province; comparable to Kabupaten but having as its jurisdiction mainly urban areas
17. **PADAT KARYA:**
Labor intensive rural infrastructure program under the Ministry of Manpower, Transmigration and Cooperatives
18. **PUSDIKLAT (Pusat Pendidikan dan Latihan) ILMU PEMERINTAHAN:**
Center for Development of Government Science Program in the BADAN DIKLAT
19. **PUSDIKLAT (Pusat Pendidikan dan Latihan) PEGAWAI:**
Center for Training Program Administration in the BADAN DIKLAT
20. **REPELITA (Rencana Pembangunan Lima Tahun):**
The Five-Year Development Plan
21. **SEKWILDA (Sekretariat Wilayah Daerah):**
Secretariat of the Province or of the Kabupaten/Kotamadya in their capacities as autonomous regions
22. **SELAPUTDA (Sekolah Lanjutan Umum Tingkat Dua):**
Advanced School for General Government Administration

PART I - SUMMARY AND RECOMMENDATIONS

A. Project Paper Facesheet (See Page 1.)

B. Recommendations

-- Grant of \$470,000

C. Description of the Project

The Kabupaten Provincial Planning and Management Training (KPP&MT) Project is a USAID grant project to assist the Education and Training Body (Badan Diklat) of the Ministry of Home Affairs (Dalam Negeri) to develop a master plan for training local officials and technicians in the processes of development planning and management.

The master plan will be the product of a joint GOI and USAID technical team, composed of senior officials of Badan Diklat and contract advisory experts in professional training, regional/urban planning, development administration and related subjects.

Upon approval and adoption, the master plan will guide Dalam Negeri's efforts to improve and strengthen local government regional development planning and management capabilities. Dalam Negeri contemplates requesting follow-on assistance from USAID for implementation of the master plan.

To ensure that a core group of trainers is available at the onset of the anticipated follow-on implementation project, KPP&MT will also assist in financing the training of a limited number of officials in regional development at selected Indonesian training institutions.

D. Summary Findings

On the basis of analysis of local government structure, development functions and staff needs and of numerous in-depth discussions with officials of Badan Diklat and of local government units, it is concluded 1) that this project and its methodology are appropriate for meeting the identified needs; 2) that this project is reasonably priced in relation to the purpose it seeks to attain; 3) that the project will have no adverse environmental effects; 4) that the technical design for the project is realistic in light of what is to be accomplished; 5) that the cost estimate for the total project is reasonably firm; and 6) that adequate planning for the project has taken place.

E. Project Issues

No project issues stand unresolved at this time.

PART II PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. Background

Rural development is a major concern of the Government of Indonesia (GOI). Repelita II, the second five-year development program, now in its fourth year of implementation, gives heavy emphasis to this aspect of the nation's development. It stresses the need for strong planning and management capabilities at the local levels of government, and it clearly recognizes the critical importance of training in the upgrading of local development skills.

1. Planning/Management Capabilities

A truism in the development process is the observation of the weakness of LDC planning/management capacity to analyze, design, implement and evaluate development projects. As LDCs and AID turn to the problem of addressing the needs of the rural poor, consistent with the principle of broad-based participation of citizens, the problem of public planning and management capabilities at the local and provincial levels becomes even more pressing. While significant progress has been made in the past in the training of higher levels of personnel in central government ministries, it is everywhere recognized that the pool of competent, well-trained planners and managers becomes increasingly small as one moves closer to the front line of administration at the provincial and local level. Moreover, participatory development requires new knowledge, new skills, and different professional norms than are usually embodied in conventional managerial practices.

Some of these new norms and practice involve greater sensitivity to culturally specific conditions characteristic of the environment in which development is to proceed, greater skill in motivating people, more effective ways of assessing and relating to expressed desires and needs of local citizens, and more innovative, flexible, problem-solving rather than rule-applying approaches to public management. While these skills do not apply equally to all local level administrative tasks, they are particularly relevant to the planning, analysis, implementation and evaluation of rural development projects.

In Indonesia, the regional planning and management constraints are becoming increasingly salient to the success of GOI development policy. Substantial and expanding financial and personnel resources are being made available to provincial and kabupaten governments. The concept of regional and rural development is becoming institutionalized. GOI policy is expressly committed to broadening the base of participation in development. Growth with a conscious

concern for equity is a stated goal of the GOI.

2. Growing Provincial/Kabupaten Planning/Management Responsibilities

Below the national level, there are four significant levels of government: the province, the kabupaten (district) or kotamadya in urban areas, the kecamatan (subdistrict) and the desa (village). The province, headed by the governor, is the prime source of sub-national policy, direction, and guidance for development. The provincial body responsible for assisting the governor with regional planning and evaluation is the Bappeda. The kabupaten, headed by the bupati who reports directly to the governor, is the key level for implementation of national and provincial development programs designed to reach the rural poor. At this level the full range of field offices of national and provincial technical and administrative ministries is found as well as the kabupaten's own technical offices. (An analysis of provincial and kabupaten planning and management functions is found in Annex B 3.)

The province and the kabupaten, then have the primary responsibility for planning, implementing, and coordinating the development programs which impact directly on rural Indonesians.

Since the initiation of Repelita II in 1973, this responsibility has grown rapidly. For example, the "regional development budget", that portion of the GOI budget administered directly through local governments for rural development, has increased 600 percent in the last eight years. An important new revenue-sharing program for province, kabupaten and village governments was begun in FY 73 and has grown annually to a total of over \$750 million for FY 78 alone. (More detail on this Inpres program is found in Part III D, Economic Analysis.)

The growing fiscal responsibilities of local level governments fall not only upon these agencies which report to the governor and bupati, but also upon the kantor wilayah--the provincial and kabupaten field offices of the central technical ministries. Thus, a diverse array of development activities under a wide range of funding sources is occurring simultaneously in the province and kabupatens, presenting a major challenge for coordination and effective distribution of development resources.

[As development responsibilities of local governments have mushroomed, their staffs have also greatly expanded. Kabupaten, for instance, may employ as many as 2,000 people. While there are some indications that education levels of local government officials are increasing, the fact remains that they are inexperienced in the planning, management and coordination of large numbers of projects

and people and large sums of money. In addition, there is a natural "brain-drain" of well-trained, experienced individuals to Jakarta, where the needs for skilled personnel are also great and the opportunities for advancement are better.*

Unless the planning and management capacity of provincial and subprovincial administration is substantially improved in pace with the expansion of resources, development targets will not be met, money will be wasted, and disillusionment in broad-based development will set in.]

This argument points to an obvious but important conclusion-- that training in regional and rural development planning and implementation for local officials is a key and necessary component of a successful regional and rural development strategy. Just as there must be an overall government strategy for achieving broad based development, well-established in Indonesia, there must also be a comprehensive planning and management training program to ensure that the substantive strategy will be carried out.

3. Emergence of the Kabupaten Provincial Planning and Management Training Project

Badan Diklat,** the Education and Training Body in the Ministry of Home Affairs responsible for the development and upgrading of local government development skills, has already initiated extensive efforts directed to this end. Seven out of eight planned regional training centers have been constructed at dispersed locations throughout the country. Training courses and seminars in various aspects of provincial planning and development have been conducted, and comparable training is planned for kabupaten personnel.

While progress has been made in local development training, the GOI recognizes that much more must be accomplished to insure that every provincial, kabupaten, kotamadya, and later on, every kecamatan official and technician involved in local development receives and continues to receive practical planning and management training. The GOI also recognizes that this is a complicated undertaking, involving the participation of at least three levels of government, a number of line ministries and central

*Colin Rosser, "Training in Regional Development in Indonesia", 1974, p. 4-5

**Organization of Badan Diklat is described in Part III A - Technical Analysis

agencies, a variety of training institutions and several state universities. [Accordingly, the GOI has concluded that a master training plan is needed for guiding the development and the institutionalization of a comprehensive and continuing program for the training of some 7,000 provincial and kabupaten officials and technicians who are directly involved in the processes of development planning and management.]

This Kabupaten Provincial Planning and Management Training (KPP&MT) Project is intended to assist the GOI to address the training needs of these provincial and kabupaten planning and management personnel throughout the country. It represents the redirection of an earlier proposal Kabupaten Planning and Management (KP&M) Project. The original KP&M Project was designed to assist five kabupaten of Central Java Province to strengthen the processes of development planning, implementation and evaluation. A draft Project Paper providing for USAID grant funding in the amount of \$470,000 was transmitted to Dalam Negeri, the Ministry of Home Affairs, in July of 1976. Shortly thereafter, it was taken under study by Badan Diklat. However, because of the narrow geographical focus, it was felt by the GOI that a training project which would assist in developing a broader approach to the total planning and management needs of both provinces and kabupaten on a nationwide basis would be more appropriate. Agreement was reached between Dalam Negeri and USAID in July of 1977 that USAID would seek to redirect the project to assist Dalam Negeri in developing a master plan for the training of province and kabupaten officials in development planning and management, using the grant funding proposed for the original KP&M Project. AID/Washington approved the redirection of the project by cable on June 16, 1977 (see Annex A). Subsequently, USAID, in collaboration with officials of Badan Diklat, undertook this project design.

4. Planning/Management Training Needs Requiring Master Plan Attention

The most apparent and most pressing training needs for which a Master Training Plan is required include the following:

a. The need to create a strong linkage between training institutions and operational agencies of GOI to ensure that training agenda are responsive to needs of on-line operations, and to ensure that trained personnel are placed back into the system in a way so as to make maximum use of training experience.

b. The need to establish a training approach which is grounded in practical skills and a problem-solving orientation toward management. There must be strong relationship between theory and concepts on the one hand, and experiential learning on the

other - in training, the bias should be on the latter.

c. The need to motivate GOI level officials toward a positive orientation to broadening the base of citizen participation in development planning, consistent with goals and objectives of GOI development policy.

d. The need for an inter-related, nationwide training structure which covers the development planning and management training requirements of provinces and local government jurisdictions, and which clearly fixes institutional training responsibilities.

e. The need for a fully staffed, fully trained and adequately supported central agency responsible for the training of all development related local government officials and technicians under the jurisdiction of Dalam Negeri.

f. The need for an adequate core of capable trainers and trainers of trainers (coupled with the institutional capacity to produce them), who know and can apply modern techniques for teaching, communicating and transferring development planning and management knowledges, skills and methodologies.

g. The need for current and effective development planning and management training materials and for the institutional capacity to develop them.

h. The need for adequate and properly equipped physical training facilities.

i. The need to establish an evaluation and feed back system, focused on professional standards of performance for managers, with objectively verifiable performance indicators which permit, where appropriate, determination of training success.

This project will address the above training needs by assisting the GOI to develop a comprehensive master training plan treating all aspects of provincial and kabupaten planning and management. Plans also contemplate a possible follow-on project designed to assist with the implementation of the Master Plan if approved by the GOI.

B. Project Description

1. Project Goal

The goal of this project is to contribute to improving the quality of life of rural Indonesians through better planning and management of development projects and activities at the province and kabupaten levels of government.

2. Project Purpose

The purpose of this project is the development of a more effective training program than now exists for provincial and kabupaten officials and technicians in development planning and management processes. The most important assumption which underlies this project is that improved, product-oriented training, soundly conceptualized and vigorously carried out, will provide the trained officials with the skills and the motivation that will enable them to more effectively plan for and manage development programs.

3. Project Outputs

a. The Master Training Plan

This project will assist Badan Diklat to produce a Master Training Plan for a continuing nationwide training program in development planning and management for provincial and kabupaten (including kotamadya) officials. The final document will be published in Bahasa Indonesia as well as in English. Badan Diklat and USAID consider a comprehensive Master Plan to be the essential first step forward attainment of a significantly improved nationwide training program for local officials and technicians. Once such a Plan has been approved by the GOI, it will provide the basis for implementing a dynamic and continuing training program for local level officials. It is understood that Dalam Negeri contemplates requesting follow-on USAID assistance for initial implementation of the Master Training Plan.

The development of a comprehensive Master Training Training Plan for the Badan Diklat will be guided by two principles. First, it will be consistent with the policy goals of broad based rural development which is responsive to the needs and elicits the active participation of Indonesian citizens in their own development. Second, it will recognize the extreme heterogeneity of the Indonesian social, economic, physical and administrative environment.

The Master Training Plan will be based on an analysis of regionally specific conditions. Recognition will be given to the fact that standard management practices cannot be instantly replicated through training courses utilizing "on the shelf" managerial concepts without significant modification for the varieties of Indonesian conditions. Such modification will require considerable analysis and assessment of existing conditions, planning and management capabilities and practices, and future needs in the light of projected development thrusts. Once completed, the basic outline of a well focused, appropriately structured training strategy will then be drawn.

It should be recognized that the final product of this project, a Master Training Plan, is in reality a design for a continuing, evolving training system for Dalam Negeri. It is to be a design and data base for a comprehensive planning system, which, as in all effective action systems, must possess the capacity to continually monitor, evaluate and redesign its activities as conditions change and new issues emerge. To conceptualize this project as a "one shot" static effort would be a serious error. The challenge for this project will be to achieve a continuing, evolving decision-making and implementation capacity.

b. Trainers

An additional output of this project will be a cadre of approximately 40 trained trainers. These trainers will be selected from Badan Diklat and kabupaten officials engaged in regional development. The trainers will be utilized to contribute to the implementation of the Master Plan once completed. For a treatment of how these trainers will be equipped to contribute to the master plan process refer to the Project Inputs section which follows.

4. Project Inputs

a. Master Training Plan Team

The Master Training Plan will be the product of Dalam Negeri training officials aided by a USAID-sponsored technical advisory consultant team working in close cooperation with the Director of Badan Diklat. Senior officials of Badan Diklat, who are well acquainted with both present training activities in development planning and management and the structure and functions of local government, will provide direction and leadership for development of the Master Training Plan. The scope of services and the required mix of consultant skills is based on the Master

Training Plan development approach heretofore described, and upon the performance of the tasks described in the Preliminary Scope of Work (See Annex B 5.) It is expected that three technical advisory consultants available for approximately 14 months, and one available for approximately 7 months, or the equivalent in total person months, will be engaged to provide assistance in the preparation of a Master Training Plan which will cover: (i) all aspects of training for development planning and management; (ii) regional development planning and, as required, urban settlement planning; and (iii) all aspects of the development management and administrative processes of programming and implementation.

In selecting these long term consultants, emphasis will be given to obtaining individuals with complementary skills, e.g., a training specialist with a strong background in management, or a regional planner with extensive knowledge and experience in urban settlements as well.

Long-term Consultants: x 14 months each:

- 1 Training Specialist
- 1 Regional Development/Urban Planning Specialist
- 1 Public Management Specialist

Short-term Consultant(s): 7 person months:

Probably one consultant to strengthen project in areas not fully covered, to be selected on basis of recommendations of Master Training Plan Team, e.g., a data analysis and evaluation methodologist with experience in training evaluation or an audio visual and graphic presentation specialist.

While the above, for purposes of planning and design, does set forth fairly specific consultant team composition and time scheduling of consultant use, this aspect of the design may well vary, dependent upon the approach proposed by the selected consulting firm. It would be possible, for example, for the consulting firm to propose an acceptable alternate mix of consultant skills or a phased or tranced project implementation schedule which might provide that some preliminary implementation actions could be initiated even prior to completion of the Master Training Plan design. However, on an overall basis, the team composition and level of effort are sufficiently firm for making a valid cost estimate.

b. Training of Trainers

In order to ensure that a core group of individuals with expertise in regional development training is available as a source of trainers for the anticipated follow-on project, this project will also provide for the training of approximately forty officials and/or technicians in a regional development program to be conducted at selected state universities or other training institutions. This program will be designed with Badan Diklat's needs in mind, focussing on development at the provincial and more localized levels of government. The students will be BAPPEDA technicians and Badan Diklat's own staff. These students will be selected, wherever possible, from regions where USAID is engaged with the GOI in rural development planning efforts at the provincial and kabupaten level.

The design of the curriculum for this new program will focus on experiential, task-oriented training in the design and management of rural development projects. Special emphasis will be given to the conveying of design and management skills to other managers. In addition, the students in this new course will constitute a resource for assisting the Master Training Plan Team in carrying out the analysis and planning envisioned in this project.

This linkage between the new course and the Master Training Plan effort will have the following benefits for the project:

- (i) It will broaden the base of Indonesian participation in and resources available to the Master Training Plan Team by involving both participants and training faculty in the effort.
- (ii) It will be a valuable input of practical, experience based management attitudes and opinions to the Master Training Plan Team.
- (iii) It will assist in ensuring a reinforcing linkage between the course, the Master Training Plan, and other ongoing regional planning efforts.
- (iv) Students in the program will gain useful experience in methods of data collection, analysis, training design and evaluation - all such skills being highly appropriate to both rural development planning and to training development.

- (v) Students, by participating in the Master Training Plan effort, will be more favorably disposed toward the acceptance and implementation of subsequent training programs introduced and outlined by the Plan.

In sum, there is a close link between development of the Master Training Plan and the new course to be designed. The graduates of this course will constitute a significant resource for subsequent GOI planning and implementation of regional planning and management training courses.

d. Detailed Inputs

For details on project inputs and costs and for target dates, see Part III B, Financial Plan, and Annex C, log frame.

PART III - PROJECT ANALYSIS

A. Technical Analysis (Including Environmental Assessment)

USAID and the GOI have agreed that real improvement of local planning and management capabilities must begin with the development and adoption of a practical, implementable Master Training Plan. Such a plan will, when implemented, bring high quality, continuing development administration training to appropriate local officials and technicians. Development of the plan will require advisory assistance of qualified experts in the fields of training, development administration and regional planning. The completed Master Plan, published in both Bahasa Indonesia and English, will then serve as the basis for the implementation of a dynamic follow-on training program.

Master Training Plan design will draw in part from other relevant development projects, such as the Provincial Area Development Project, the Area Development Planning Project and the Northern Sumatra Regional Planning Project, for information on province/kabupaten organization, activities, staffing, staff development, and workable techniques of planning and management.*

The Master Training Plan approach represents the most suitable technology for determining the most appropriate and effective program of training for local level government development administrators throughout the country. Without such a plan, Badan Diklat could only continue with its present approach in training, essentially that of utilizing available institutions and skills to respond to Dalam Negeri's most urgent training needs. Such an approach, however, would not give sufficient emphasis to meeting the total training needs of the local jurisdictions, to the development of a continuing integrated training program or to the essential strengthening of the institutional framework for administering the overall training function.

The Master Training Plan approach, on the other hand, by its very nature stresses the rational development and strengthening of the institutional base and a more comprehensive treatment of total training needs on a continuing basis.

The Master Training Plan approach is nationwide in application. The recommended programs, systems, techniques, etc., which will be treated by the master plan, while subject to regional adaption, will be intended for application in the respective local agencies throughout the country. Thus, the plan, when implemented, will facilitate the diffusion of improved

*See Annex B 4, for explanation of USAID/Indonesia Rural Development Project interrelationships.

planning and management technology to local levels of government in every part of the country.

One of the major concerns of this project will be the strengthening of Badan Diklat as the central agency responsible for training of local development officials. Badan Diklat is charged with the public administration training of all government personnel who fall under the jurisdiction of Dalam Negeri, particularly those in local governments. This is to be distinguished from LAN (Institute for State Administration) which provides non-degree training on state administration for senior executive level civil service personnel. Badan Diklat offers both short-term training through its agrarian training centers and regional training centers, and academic training at its Academies, Advanced School for Public Administration and Institute for Government Science (IIP). These training institutions are supported by Badan Diklat's central staff, composed of three divisions: the Secretariat, for overall administration and finance; the Center for Development of Government Science Program for curriculum development; and the Center for Training Program Administration for the programming, implementation, monitoring and evaluation of training courses. Organizational structure is depicted in detail in Annexes B 1 and B 2.

Badan Diklat has grown substantially over the past five years in terms of both its staff and its budget. (See Annex B 6 for a comparison of total budgets and personnel of the Badan Diklat for IFY 1974 and IFY 1978). The total central unit (Jakarta headquarters) budget for IFY 1978 is \$1,148,631, an increase of more than 280% over the amount budgeted for IFY 1974. The total personnel serving in the central unit is 125, a 260% increase over the number serving in IFY 1974.

The active participation of key Badan Diklat officials in development of the Master Training Plan will be an initial step in strengthening skills by increasing their awareness of the critical training needs of local governments, and by assisting them through the analytical process of designing an effective master training program. At least some of the recommendations which will be incorporated into the plan itself will ultimately necessitate increasing the annual Badan Diklat budget. The master plan will provide the details and a logical justification for any such increase based upon the cost of effectively strengthening this key training agency.

B. Environmental Assessment

Since this project is one of technical assistance to prepare a Master Training Plan, the Mission recommends that a Negative Determination be made indicating that an environmental assessment is not needed.

PART III B - FINANCIAL PLAN

1. General

The Government of Indonesia, through Badan Diklat's Letter of Request dated August 3, 1977 (See Annex D), has formally expressed its interest in this project, to be financed in part by USAID, and has assured USAID of its intent to participate and provide required counterpart funds. This project represents a relatively modest outlay for the GOI of \$137,631 in cash cost and \$84,251 in in-kind costs.

The project will not place an undue burden on the ... or on Badan Diklat. Badan Diklat itself is a permanent and stable agency within Dalam Negeri, supported by adequate budgeted funds. As shown in Annex B 6 it has a staff over 300 and a budget for FY 78 exceeding Rp. 476 million. It is in a position to make plans for future training program development and to arrange for required fiscal support. There is every reason to believe that this agency will continue to receive the necessary resources and support for further improving the training program for local government personnel. In addition, the Project Team will ensure that implementation of the Master Plan in a follow-on project is also fiscally feasible.

2. USAID Funding

USAID participation is based upon AID/Washington approval of re-direction of the KP&M Project for which the previously approved PID provided a total amount of \$470,000.

Following is a summary of proposed USAID grant outlays:

- Consultant Salaries, Per Diems, Travel and Education and Relocation Allowances	\$ 355,995
- Support for Training Program	75,000
- Contingencies and Inflation	<u>39,005</u>
	\$ 470,000

Consultant salaries, per diem, etc., totalling \$ 355,995 provide for the contractual services of three full time professional consultants to be engaged for the estimated 14 months life of the project; and short-term contractual services totalling 7 person months for as yet undetermined specialized expertise. Support for training program totalling \$ 75,000 covers the training and living allowances and tuition fees for up to forty planning and management practitioners of local government. These technicians will participate in a forthcoming regional development program to be

offered by selected Indonesian training institutions. This sum will cover a one year training program.

A total of \$39,005 (9% of other USAID costs) has been budgeted, for contingencies and inflation.

3. GOI Funding

The project design provides for a direct GOI project cash outlay, of \$ 137,630 which will be financed by the Badan Diklat. It also provides for an in-kind budget of \$ 84,251.

Following is a summary of proposed GOI direct-cost and in-kind outlays:

Direct Cash Costs

- Per diem and travel for GOI Project Team members	\$ 19,680
- Project support staff salaries	12,100
- Rental, upgrading, maintenance and utilities of consultant housing	57,000
- Rental, furniture, equipment, supplies, maintenance and utilities of Project Office	30,350
- Purchase, maintenance and operation of Project vehicle	18,500

Total Cash Costs \$ 137,630

In-kind Costs

- Regular staff salaries and use of GOI offices	\$ 84,251
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Total GOI Costs \$ 221,881

Table 1 (Page 1 of 2 pages)

Summary Cost Estimate and Financial Plan (\$)

Description	Cost Estimated by Currency			Source of Funds		
	<u>FY</u>	<u>LC</u>	<u>Total</u>	<u>AID-Gr</u>	<u>GOI</u>	<u>Total</u>
<u>Consultant Services</u>						
Long term: 3 advisors for 14 person-months each						
- Salaries*	245,000	-	245,000	245,000	-	245,000
- Per Diem, in-country	-	12,600	12,600	12,600	-	12,600
- Travel, international and in-country	22,500	7,080	29,580	29,580	-	29,580
- Education Allowance @3,000/fam.	9,000	-	9,000	9,000	-	9,000
- Relocation Allowance @3,000/fam.	9,000	-	9,000	9,000	-	9,000
Short term						
Short term Consultant(s), 7 person months, salaries, per diem, travel	44,335	6,480	50,815	50,815	-	50,815
<u>Support for Training Program</u>						
- Living allowance, tuition fees for up to 40 trainers	-	75,000	75,000	75,000	-	75,000
<u>Indonesian Professional and Support Staff Services</u>						
- Per Diem	-	12,600	12,600	-	12,600	12,600
- Travel (in-country)	-	7,080	7,080	-	7,080	7,080
- Support Staff Services (secretaries, driver, interpreter)	-	12,100	12,100	-	12,100	12,100
- Regular salaries (in-kind)	-	77,251	77,251	-	77,251	77,251
- Office space (in-kind)	-	7,000	7,000	-	7,000	7,000
<u>Commodities</u>						
- Office Supplies	-	2,100	2,100	-	2,100	2,100
- Office furniture, equipment and air conditioners	-	11,450	11,450	-	11,450	11,450

* Includes differentials and overhead costs.

Table 2 (Page 2 of 2 pages)

Description	Cost estimated by Currency			Source of Funds		
	<u>FY</u>	<u>LC</u>	<u>Total</u>	<u>AID-Gr</u>	<u>GOI</u>	<u>Total</u>
<u>Housing</u>						
- Rentals (49 months rental housing @ \$1,000 including maintenance and utilities)	-	49,000	49,000	-	49,000	49,000
- Upgrading (air-conditioning, etc.)		8,000	8,000	-	8,000	8,000
<u>Project office</u>						
- Rental, maintenance and utilities (offices for team members and support staff for 14 months - \$1,200/month.)	-	16,800	16,800	-	16,800	16,800
<u>Vehicle</u>						
- Purchase (automobile)	-	16,000	16,000	-	16,000	16,000
- Vehicle operation and maintenance	-	2,500	2,500	-	2,500	2,500
<u>Contingencies and Inflation</u> (9% of sub-total)	39,005	-	39,005	39,005	-	39,005
Total	\$368,840	\$308,641	\$691,881	\$470,000	\$221,881	\$691,881

C. Social Soundness Analysis

1. Organizational Setting

Dalam Negeri is the Ministry with administrative authority over all local government units from the province on down. Badan Diklat, a Directorate-General level agency, is the arm of Dalam Negeri responsible for providing training to local government agencies. Therefore Badan Diklat is the appropriate agency to carry out the activities of this project and the anticipated follow-on project.

Badan Diklat's activities involve the cooperation of a large number of government agencies, as depicted in Annex B.1. It supplements its staff capabilities by drawing heavily upon the resources of outside agencies such as BAPPENAS, the provincial universities and the BAPPEDA, for instructors and for assistance in course design. Its training responsibilities extend to all levels of local government under Dalam Negeri. It is the intent of this project to work within the existing set of intergovernmental relationships and to produce a comprehensive, integrated nationwide training program which facilitates inter agency participation in the processes of planning and management.

2. Attitudinal Factors

Three important attitudes increase the potential for acceptance of a Master Plan for a nationwide training program in the Indonesian setting. First, the Government of Indonesia has shown itself to be quite receptive to technical advice which it perceives to be technically and financially sound. Second, Badan Diklat has specifically requested the advisory assistance of technical experts, is eager to learn modern techniques of training and is willing to innovate in its training programs. Finally, local government officials appear to be very receptive to training opportunities.

3. Beneficiaries

As is indicated by this project's goal statement, the beneficiaries at whom it is ultimately aimed are rural Indonesians. It will benefit them in two ways. First, as improved training creates an awareness among provincial and kabupaten development officials of the importance of eliciting the inputs of citizens in development activities, rural Indonesians will have increasing opportunities to participate in the decision-making process that affects their daily lives. Secondly, the impact of better planned and managed development projects will be improved government services reaching the rural poor in the areas of health, education, agricultural extension, credit and marketing, and rural infrastructure.

Officials and technicians of Badan Diklat and other institutions involved who participate in the design and development of a master plan for regional planning and management are the initial project beneficiaries. They will gain an increased awareness of the critical training needs of local government development personnel and a better perception of how these needs can be met through planning and through subsequent plan implementation. As a result, they should become more effective in performing their training related responsibilities and should gain new potential for making greater contributions in the strengthening of local government capabilities.

The entire organization of Badan Diklat and related training institutions will benefit from the recommendations of the master plan, which will offer them a guide for strengthening their staff, their activities, and their potential contribution to better trained local government personnel. More importantly, provincial and kabupaten officials will receive the benefits of an effective, dynamic training program once the master plan has been implemented. If the training has been well designed and executed, it will provide them with planning and management tools they have never had access to before. These tools will enable them to function more effectively in their development activities and enhance their potentials for impacting on policy.

4. Spread Effect

This project is not dependent upon a spread effect to the same extent as a pilot project which demonstrates an effective technology but leaves its replication to others not involved in the pilot effort. If the master plan is approved and implemented, the "spread" will occur directly through the products of the comprehensive nationwide training program, i.e. the more effective local government administrators who are better able to plan and manage development activities in in the rural areas.

If training is effectively performed, an added benefit will be the lines of communications opened among the participants. Discussions, workshops, and seminars of the training program will provide opportunities for officials from different geographical areas to meet, discuss common problems, and work out solutions.

5. Role of Women

Women at this time play only a minor role in the administration or provincial and local governments. In this situation, Badan Diklat has a good record of including women in its training activities. The professional staff of Badan Diklat consists of approximately ten percent women. About five percent of the students in its training academies and Central Institute are women. Badan Diklat officials

indicate that some women attend practically every training course it offers. In a nationwide training course for provincial and kabupaten officials, Badan Diklat will continue to encourage women officials to participate. In fact, it is expected that Indonesian women will be called upon to participate in the implementation of the training program proposed in the master plan.

Education and training activities play a subtle but important role in changing attitudes about the status of women. In the present case, training courses could be designed that would increase the awareness of development officials of the potential benefits to be derived from full participation of women in the development process. For this to occur, it is essential that the master plan team members themselves have such an awareness and incorporate it into master plan design. USAID will encourage this through (1) advising on the careful selection of U.S. consultants with sensitivity to the needs of rural poor and the importance of women in the development process, and (2) thorough and frequent briefings and discussions with these consultants in this area.

Ultimately, the most effective way to increase the role of women is by improving incomes, education, and quality of life of the overall population. It is hoped that as development officials all over the country increase their planning and management skills, better development projects will bring about this goal.

PART III D - ECONOMIC ANALYSIS

The purpose of this project is to develop a feasible and efficient plan to improve the institutional capacity of development and budgetary bodies at the provincial and kabupaten levels of government. The direct output of this project will be a master plan for training local officials and technicians engaged in the processes of development planning and management. Because of the nature of the project as an intermediate step in the process of institutional development it does not lend itself to the usual types of economic analysis.

The preceding sections of this paper and Annex B 3 demonstrate, however, the critical need to upgrade the planning and management skills of development institutions at the provincial and kabupaten levels of government in order to adequately address rural and regional development priorities. The expanding budgetary allocation of central government funds to these levels of government will serve as an indicator of the increasing and already significant level of responsibilities that rests with these authorities. One of the most direct ways that provincial and local governments are allocated central funds is through the INPRES Programs (These are central GOI funds granted directly to provincial and local governments for development activities). Between IFY 74, the beginning of the second five year national plan (Repelita II), and IFY 78 funds allocated to INPRES programs have increased from almost nothing to \$753.2 million annually, or an average of \$28 million per province, consisting of:

INPRES DESA	\$55,841,000 or \$883/village
INPRES KABUPATEN	\$158,167,710 or \$243,000/kabupaten
INPRES PROPINSI	\$180,723,000 or \$6,693,000/province

In addition, special INPRES programs also administered by local governments (for health, education, environment and marketing) total \$358,425,600 or an average of \$13,275,022/province.

Including INPRES funds the provinces are known to control total budgets of varying sizes with budgets in some of the more densely populated provinces exceeding \$200 to \$300 million annually. Clearly there is a growing responsibility for planning and managing public investment and development activities in the provincial and local governments. Unless there is an extensive effort to improve the capacity of local institutions to deal with the development activities the potential impact of the expenditure of these resources will be severely limited.

The \$470,000 investment in this project will result in a plan to improve the capacity of those institutions most directly involved with rural, broad based development. If the plan that is developed is

effectively implemented, it is reasonable to assume that the economic and social benefits of this project will be several times the investment cost.

This project will also complement (but not duplicate) the activities of other closely related development projects. It will, for example, facilitate the transfer and spread of techniques for increasing income in the rural areas as developed by the Area Development Project Planning (BAPPEDA) Project and the Provincial Area Development Project (PDP).

IMPLEMENTATION ARRANGEMENTS

PART IV A. - ANALYSIS OF RECIPIENT'S AND A.I.D.'S ADMINISTRATIVE ARRANGEMENTS

1. Recipient

a. Overall project policy setting and general direction will be the responsibility of the Director of the Education and Training Body (Badan Diklat) in the Ministry of Home Affairs (Departemen Dalam Negeri) in consultation at all major stages with Bappenas (National Development Planning Body). On behalf of the GOI, Badan Diklat will be solely responsible for overall project management and will provide agreed upon Indonesian Project Team member costs, rental housing for consultants, project office and maintenance thereof and one project vehicle, its operation and maintenance. Badan Diklat will contract directly with the technical consulting firm which supplies the U.S. advisory assistance.

The local government institute, academies and training centers that fall within the Badan Diklat's authority will provide substantial in-kind inputs (value of personnel time, office space, etc.) to the project, although they are not directly responsible for project implementation.

b. The design and development of the Master Training Plan will be the responsibility of designated Badan Diklat personnel assisted by the technical advisors provided through USAID financing.

Badan Diklat will continue to provide for regular salaries and related benefits of counterpart members.

c. Badan Diklat will select approximately 40 local government development officials and technicians to undertake long term academic study in regional development at selected Indonesian training institutions. During the course of their training the trainees will participate in and contribute to various aspects of data development and analysis for this project. Upon completion of their training, these officials and technicians will constitute a manpower source from which planning/development trainers can subsequently be selected.

2. USAID

a. USAID will finance a contract to be executed by Badan Diklat with a qualified consulting organization. This contract will provide for a total of 49 person-months of professional technical

services and the required support therefor, including relocation and education allowances, travel, per diem, etc.

b. Costs of tuition and living allowances for approximately 40 participants in the training program in regional development will be financed by USAID. (See page 12 for a description of this training).

3. Adequacy of Overall Project Support

The above described support and implementing arrangements have been agreed upon after careful discussions by the GOI and the USAID representatives. Badan Diklat as the implementing agency of the GOI has the necessary resources to carry out the implementation and support of the project. The preceding Technical Analysis section and Annex B.6 describe Badan Diklat's organizational, staff and budgetary resources for IFY 78.

PART IV B - IMPLEMENTATION PLAN

1. Schedule for Implementation

<u>Key Action</u>	<u>Time Schedule</u>
AID/W approves project and authorizes funds	September 15, 1977
USAID/GOI Project Agreement signed for US FY 77 funding obligation	September 30, 1977
Contracts signed between GOI and consultants	April 1, 1978
Consultants' ETA in Indonesia to begin services	June 1, 1978
Approval of Master Training Plan	July 31, 1979
Project assistance completion date; consultants depart	August 1, 1979
Project Evaluation completion date	September 1, 1979

PART IV C - EVALUATION PLAN

An internal evaluation in the form of a Project Appraisal Report will be carried out after completion and approval by Dalam Negeri of the master plan. The PAR will be prepared by the USAID project officer and submitted to a USAID project committee review. The PAR will evaluate both the project's success in producing a Master Plan, which addresses all of the components listed in the Consultant's Scope of Work, and the technical, social and financial viability of the Plan itself. The PAR will evaluate also the "training of trainers" course and its success up producing an initial cadre of provincial and kabupaten officers who have both substantive and training skills in regional planning and management. An A.I.D. decision on whether to provide assistance, if requested by the GOI, for a follow-on implementation project will be based in part on this evaluation.

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REC'D: JUN 15, 1977
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UNCLAS STATE 158292

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ACT:
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E.O. 11652: N/A

TAGS:

SUBJECT: REDIRECTION OF KABUPATEN PLANNING AND MANAGEMENT PROJECT (KPM)

INFO:
AMB
DCM
D/ADM
ECON
CHRON
SUPVR

REFS: (A) JAKARTA 7446, (B) JAKARTA 6952

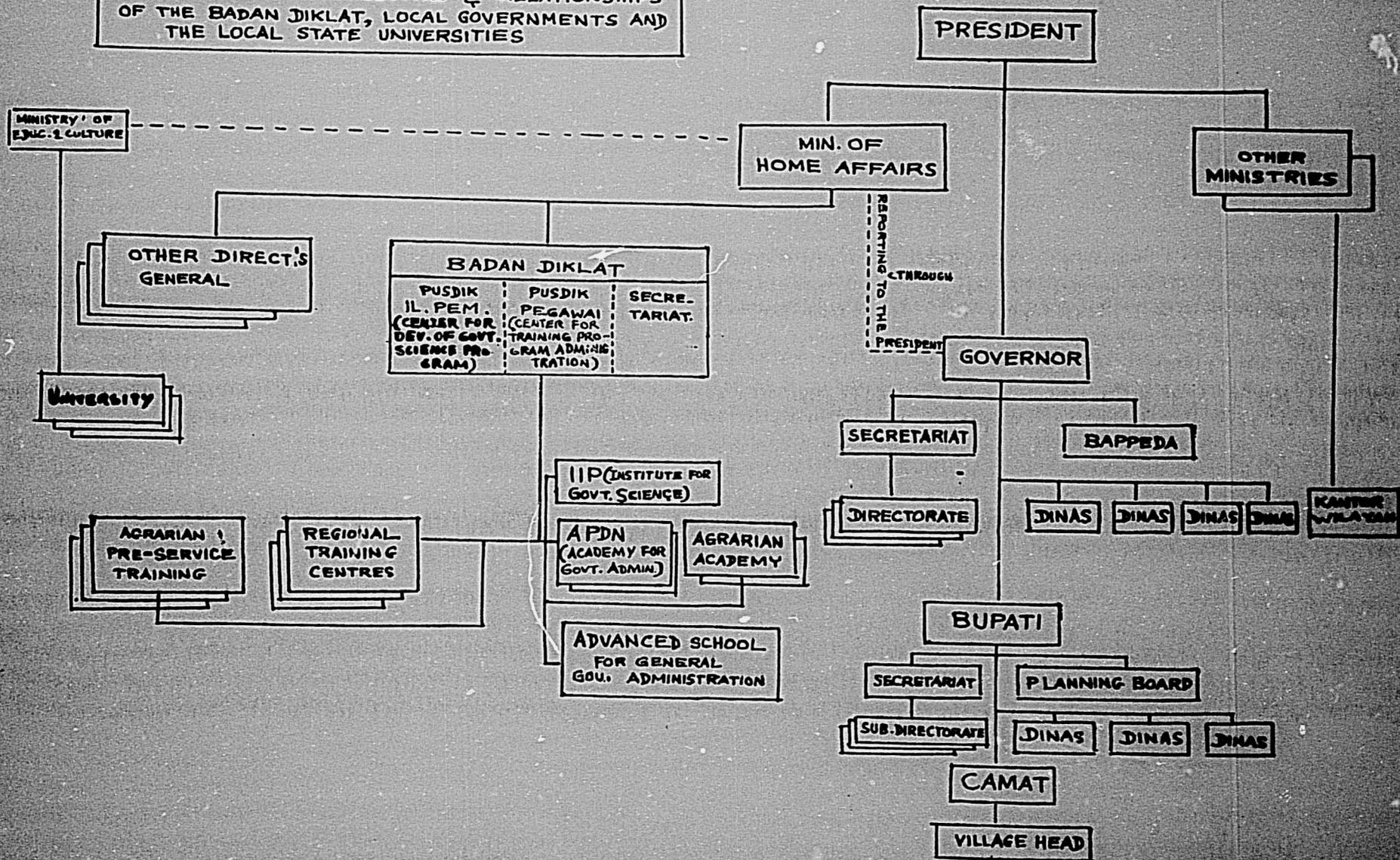
1. CONCUR REDIRECTION OF SUBJECT PROJECT AND SUBMISSION OF PP PER REF B. ASSUME FROM USAID EXPLANATION THAT FINANCIAL REQUIREMENTS OF MODIFIED PROJECT NOT MORE THAN DOLS 500,000 AND CAN BE MET FROM FUNDS BUDGETED FOR KPM. PLEASE CONFIRM.

SWD

2. AMONG OTHER ELEMENTS, PP SHOULD CONTAIN FOLLOWING DISCUSSION: (A) CLARIFICATION OF RELATIONSHIP OF PROJECT TO OTHER RURAL DEVELOPMENT AND LOCAL ADMINISTRATION INITIATIVES PROPOSED BY USAID, ESPECIALLY PROVINCIAL DEVELOPMENT PROJECT, AND (B) BASIC ANALYSIS OF KABUPATEN ORGANIZATION AND PLANNING/ADMINISTRATION FUNCTIONS AT THAT LEVEL OF GOVERNMENT. PER ORIGINAL PID, BELIEVE MASTER PLAN FOR TRAINING MUST BE FIRMLY GROUNDED IN DIAGNOSTIC ASSESSMENT OF KABUPATEN ORGANIZATION.

3. SEPTEL FOLLOWS CONCERNING TDY ASSISTANCE REQUESTED REF B. WILL KARL BALDWIN HAVE SUFFICIENT TIME TO DEVOTE TO FINAL PROJECT DESIGN OR WILL USAID ALSO NEED ASSISTANCE FROM DEVELOPMENT ADMINISTRATION SPECIALIST? CHRISTOPH BT
#8292

ORGANIZATIONAL STRUCTURE & RELATIONSHIPS
OF THE BADAN DIKLAT, LOCAL GOVERNMENTS AND
THE LOCAL STATE UNIVERSITIES



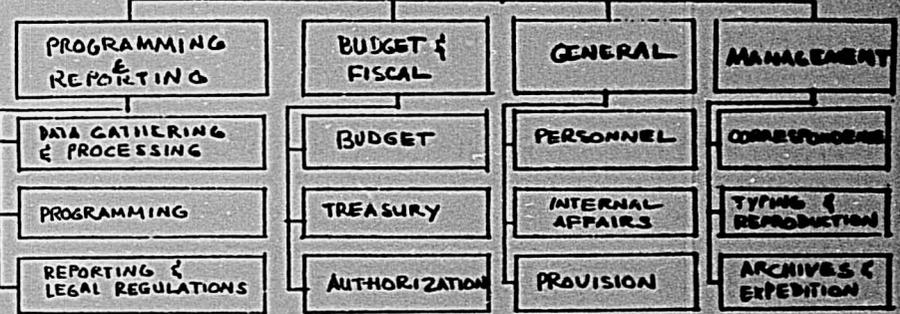
ANNEX B-2
8/10/77

**ORGANIZATIONAL STRUCTURE OF
BADAN DIKLAT [EDUCATION & TRAINING
BODY OF THE MINISTRY OF HOME AFFAIRS]**

MINISTERIAL DECREE OF HOME AFFAIRS NO. 94 OF 1975

HEAD,
BADAN DIKLAT

SECRETARIAT

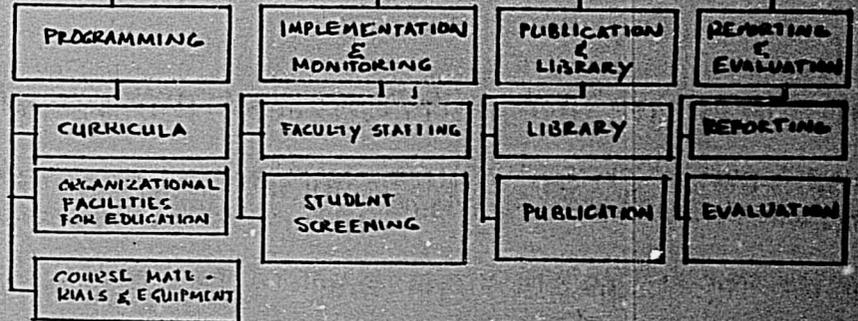
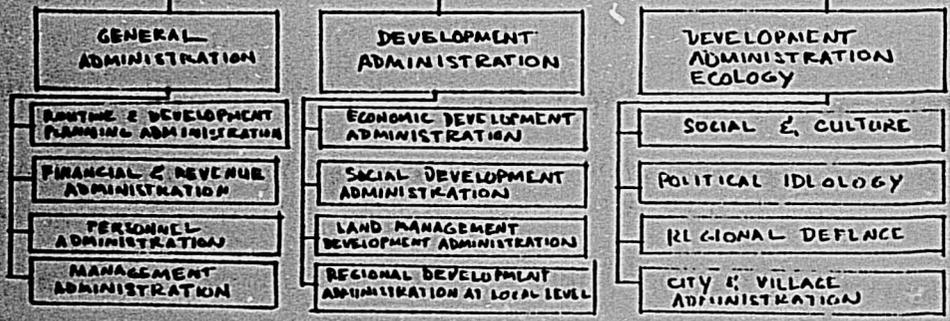
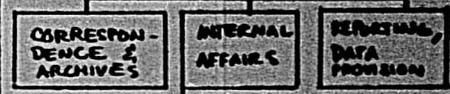
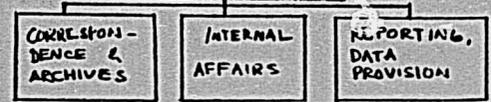


CENTER FOR DEVELOPMENT OF GOVERNMENT SCIENCE PROGRAM

CENTER FOR TRAINING PROGRAM ADMINISTRATION

MANAGEMENT

MANAGEMENT



ANALYSIS OF KABUPATEN AND PROVINCE ORGANIZATION
AND PLANNING/ADMINISTRATION FUNCTIONS

1. Local Government Organization

Local government organization in Indonesia is essentially divided into four levels: The province (headed by a governor), the kabupaten (or district, headed by the bupati)*, the kecamatan (or subdistrict, headed by the camat), and the desa (or village, headed by the lurah).

The provincial governor serves two functions: he is the representative of the central government in the region and accordingly falls within the Ministry of Home Affairs' hierarchy; and at the same time, he is the head of the first level "autonomous" region and consequently is responsible to the region's elected assembly. This duality is also found with the bupati at the kabupaten which is the second level "autonomous" region: The bupati is both a representative of the governor (and central government's Ministry of Home Affairs) and the chief executive of the kabupaten responsible to the district's elected assembly.

The camat, as subdistrict chief, functions as the bupati's representative, but has no "autonomous" functions comparable to the governor and bupati. The village is the lowest "autonomous" level of government with the lurah having responsibilities as the central government representative and the village chief.

* At the second level of local government administration, are also found kotamadya (or municipalities) which are headed by walikota-madya (or mayors).

The province in Indonesia (of which there are 27) is the prime source of sub-national policy, direction and guidance for development. In the execution of duties, the Governor is assisted by staff within the Provincial Secretariat, the Provincial Development Planning Board (Bappeda), and the Provincial Inspectorate. The Secretariat is responsible for governance and is divided into sections for administration, physical construction, social welfare and economics. Within this Secretariat, there is also a Development Bureau (also known as the Operations Room) which controls the implementation of development projects and a Revenue Service. An Inspectorate performs the auditing function.

The Bappeda, created by Presidential Decree in March of 1974, has the following responsibilities: (i) provincialization of the national five-year plans; (ii) province sectoral planning; (iii) annual programs for both provincial and central ministry development activities; (iv) coordination of technical agencies and kabupaten; (v) joint responsibilities for provincial budget receipts and expenditures; (vi) supervision of development projects; and (vii) carrying out research. The Bappeda is the sole staff body in the province which has the function of assisting the governor with regional planning and evaluation.

The kabupaten in Indonesia (of which there are 243) is regarded by many observers as the key level of local, rural development organization in Indonesia.

The focal point for kabupaten operations is the office of the bupati which is supported by a secretariat and a large number of its own administrative, financial and technical offices. The mechanism used by most bupati for planning and resolution of management problems is usually a committee of senior staff personnel, composed of the deputy to the bupati, and chiefs of the subdirectories for development, finance, general government and public works, and supported by the heads of various technical services. Some districts in Indonesia even have their own area planning and management boards, similar to the Bappeda, although this is not yet standardized nationwide.

The kecamatan in Indonesia (of which there are some 3,550) is regarded as the lowest reach of direct internal government (excluding the village which in rural areas is more nebulous and indeterminate in its size, extent and relationship with the center). More often than not, the government at this level includes simply the camat, the deputy, a clerk and perhaps one other official charged with general and undefined duties with respect to community development. To this are added agents of a number of technical services, such as agriculture, livestock, irrigation, health/family planning, religion, community, education, co-operatives, land-use (agraria), information, and community development.¹⁾

1) Because of the enormous diversity in geographical characteristics and population densities throughout Indonesia, no attempt is made here to generalize as to the average size and population coverage of these local government units.

The technical Ministries have field offices (kantor wilayah) in the provinces and field staff in many kabupaten. These technical offices have responsibilities solely to implement "national" projects/activities and consequently look towards their Jakarta-based headquarters for guidance and financing. Similar technical offices of the provinces and kabupaten (the dinas) are charged with executing local-level functions and consequently receive financing and direction from local government. The governors and bupati have responsibility for coordinating the activities of both the dinas and the kantor wilayah. It should be added that the relationships between the dinas, kantor wilayah, the local leadership (governors and bupati), and the Jakarta-based technical Ministries are complex and vary by agency, region and personalities involved.

2. Local Development Finance and Administration

Local development in Indonesia is normally classified in three ways: (i) Those projects and activities which are carried out by the kantor wilayah located in the regions and financed through the central government budget (e.g. national road improvement, large-scale irrigation and flood control systems, substantial port improvements and electric power generation); (ii) Those projects which are completely planned, financed and implemented with local resources; and (iii) those programs which are planned and executed by local government, but which are financed through grants and subsidies from the central government.

Revenues available to the province and kabupaten take the form of taxes on such things as fuels, automobiles, motorbikes, forestry

concessions, radios, and movie theatres. The one substantive local-level tax is the IPEDA land tax which is an effort to revive land taxation as a means of promoting local development. The IPEDA revenues are utilized by the kabupaten for development activities, except for a certain percentage which is forwarded to the provincial government. Assessment of this tax, however, is a central government function although local officials assist with its collection.

Under Repelita II (the Second Five-Year Development Plan, 1974/75-1979/80), a number of revenue-sharing programs have been established, financed by the center for local development. These grants, known as "Inpres" (Instruksi Presiden - Presidential Instructions) or "Bantuan" (Assistance), fall into the following classifications:

- (i) Provincial Inpres Program--direct grant to province governments for both earmarked infrastructural purposes and discretionary expenditures.
- (ii) Kabupaten Inpres Program--direct grant to kabupaten governments for infrastructure projects, allocated on basis of population levels.
- (iii) Village Inpres Program--direct grant to villages for small-scale, self-help development activities.
- (iv) Elementary School Inpres Program--grants to kabupaten for construction, rehabilitation of primary schools.
- (v) Health Inpres Program--grants to kabupaten for health center construction, subsidized medicine, medical services.

- (vi) Other-new Inpres activities for market construction and reforestation.

As a generalized statement regarding regional development finance, it can be said that: (i) The greatest source of funds for local development is the national budget for "national projects"; (ii) The ability of the provincial and kabupaten governments to generate their own revenues is very limited, due basically to their limited taxing powers granted by the center (but also to poor administration of local taxes); and (iii) The national grants for local development have grown substantially in recent years and represent the basic long-range strategy for regional development, whereby the national government provides funds and guidelines for development while local government is responsible for planning and implementation.

3. Trends and Problems in Local Government Administration

Prior to the First Five-Year Development Plan in 1969, the Government of Indonesia's administrative structure described earlier was primarily concerned with executing routine and political activities; the nation's goals at that time being national integration, stability and security. With the commencement of Repelita I, however, the government administration was given the additional task of "promoting and directing society towards development". The economic development objectives of this First Five-Year Development Plan were spectacularly achieved. This helped stimulate the reexamination of many developmental issues including the degree of local autonomy to be permitted in the development of the nation.

The success of Repelita I coupled with the demand for greater participation in development by Indonesia's provinces (all of which are well aware of their particular developmental requirements and priorities) resulted in an opening of development to the provinces and lower levels of government for a much stronger direct involvement in national development as perhaps the most significant change of emphasis discernible between Repelita I and Repelita II. The most visible signs of this conscious national shift to local development are the very substantial increases in local development budgets allocated by the central government and Presidential Decree No. 15, dated March 18, 1974, establishing provincial development planning boards (BAPPEDA) at this increasingly important level of government. In short, provinces and lower-levels (particularly kabupaten) are now called upon to bear a major and increasing responsibility for planning, managing and implementing the development of the nation.

This shift to greater local government participation in development is still far from complete and faces a number of important problems. For one, the general scarcity of skilled and capable manpower, well-recognized in Indonesia, is accentuated at lower levels of government. The increasing provincial and kabupaten development workload must be carried out by staffs which, though greatly expanded, have not had much training or experience in the administration of large numbers of projects and people or large sums of money. Recognition of this fact makes the central government reluctant to further decentralize the development process. Secondly, the substantial increases in development budgets

made available to local government through Inprogs programs have not been met with fully capable organizations, with clear lines of authority, nor with well-established procedures for executing these programs. Thirdly, there is the inevitable resistance by national line ministries to increased local government authority. Finally, there is the realization that local government participation in development has not necessarily been synonymous with the broad-based receipt of development benefits by the majority of the rural poor.

Consequently, the GOI is making a determined search for means of increasing local government institutional capabilities to carry out rural development activities effectively and to reach the majority of poor rural Indonesians. The explicit goals regarding regional development policy in Repelita II establish a clear mandate for urgent attention to strengthening staff capacities at all levels through systematic training programs in regional development. It is to this need that the present KPP&MT project is addressed.

	AREA DEVELOPMENT PROJECT PLANNING #2J8	PROVINCIAL AREA DEVELOPMENT PROGRAM (PIDP)	NORTHERN SUMATRA REGIONAL PLANNING #0246 (NSRP)	KABUPATEN PROVINCIAL PLANNING & MANAGEMENT TRAINING #0237 (KPTMT)
SUMMARY DESCRIPTION	3-year \$0.5 million grant to improve project development capability of 8 geographically dispersed BAPPEDAs through: (1) Short-term (2-4 months) secondment training in Asian countries for 18 BAPPEDA officials, and (2) short-term (6-8 mm/BAPPEDA) technical assistance to help develop early-return agricultural projects for implementation with provincial resources.	4-year \$4.0 million per province grant/loan to help improve capabilities of central and local government agencies to undertake focused rural development activities aimed at directly raising income of rural poor. Will assist local governments to: (1) identify needs and constraints in existing organizations, programs and activities; (2) plan measures to overcome deficiencies; (3) execute and manage responsive demonstration/pilot projects and activities; and (4) evaluate results.	3-year \$1.56 million grant to help establish comprehensive planning programs in Major Development Region of Sumatra). Technical assistance will help improve capabilities of the 4 BAPPEDAs through OJT and participation in actual regional/provincial planning/programming. Project will develop long-range regional plan outline, regional planning/programming systems, and upgrade existing regional data facility.	1 1/2-year \$0.47 million grant to help develop overall Ministry of Home Affairs master plan for "A" (4 contiguous northern provinces training provincial and kabupaten staffs in comprehensive development administration. Will also cover Ministry of Home Affairs local government training and management staff (Badan Diklat). Also will provide limited support for ongoing training programs for trainer development.
OPERATIONAL THRUSTS	Short-term, intensified project design/development only (i.e. prior project identification and subsequent implementation is not part of project), focused on BAPPEDA.	Full spectrum of long-term project/activity identification, prioritizing, planning, implementation, O&M and evaluation, focused on local government level implementation/service agencies and BAPPEDA.	Full spectrum of intermediate and long term project/program development/planning up to but not including implementation, focused on BAPPEDA.	Development administration training program focused on provincial (including BAPPEDA) & kabupaten personnel of Home Affairs.
SCOPE OF PROJECT OUTPUTS	Single activity within single sector (agricultural or agriculturally related).	Multiple activities in several targeted sectors, but limited to those beneficially impacting directly on rural incomes.	Multiple activities in multiple sectors, without limitation within the region.	Limited to Home Affairs nationwide training program as set forth in Master Plan.
INVOLVED PERSONNEL	Limited number of BAPPEDA and implementing/service agency personnel, and small number of concerned local officials, all for relatively short period of time.	Several BAPPEDA staff, many provincial, kabupaten, and kecamatan implementing/service agency personnel and officials over relatively long implementation period.	Most BAPPEDA and provincial implementing/service agency staff and province level officials, over relatively long period, intermittent in some cases.	Home Affairs personnel of Education and Training Body (Badan Diklat) and national training facilities; selected provincial (including BAPPEDA) and kabupaten development administration personnel; intermittently over relatively short master plan development period.
GEOGRAPHICAL JURISDICTIONAL COVERAGE	Limited area - generally within single kecamatan (sub-district of province)	Activity area limited to two or more contiguous kabupaten (districts within province), but with subprojects possible at all levels of local government.	Activity area comprises relatively large region of four contiguous provinces, i.e. many kabupaten.	Ultimately country-wide application to provinces and kabupaten, when training program is implemented.
GOV. COUNTERPARTING & COORDINATION	Public Works (DG of Cipta Karya) is USAID counterpart. Coordination and policy guidance by National Steering Committee chaired by Public Works (Cipta Karya) with BAPPENAS, Home Affairs and Agriculture as members.	Home Affairs (DG of General Government Affairs and Regional Autonomy) is USAID counterpart. Coordination and policy guidance by National Steering Committee chaired by Home Affairs, with BAPPENAS and Public Works as members.	Public Works (DG of Cipta Karya) is USAID counterpart. Coordination and policy guidance by National Steering Committee chaired by Public Works (Cipta Karya), with BAPPENAS and Home Affairs as members. (different committee than in BAPPEDA project).	Ministry of Home Affairs Education and Training Body (Badan Diklat) is USAID counterpart. Coordination and policy guidance by Director of Badan Diklat.

RURAL DEVELOPMENT PROJECT INTER-RELATIONSHIPS

August 1, 1977

FY 76		FY 77		FY 78		FY 79		FY 80		FY 81	
BALI N. SUMATRA		EAST MALIMANTAN NORTH SULAWESI		CENTRAL JAVA ACEH		LAMPUNG NUSA TENGGARA BKT					
TIME-PHASED PROJECT INTER-RELATIONSHIPS OCTOBER 1, 1976		P D P		PDP I (#0264) - Provinces of Aceh and Central Java		B A P P E D A (#0260)					
				PDP II (provinces to be selected)				→			
				PDP III (provinces to be selected)				→			
		N S R P		NSRP I (#0246) - Provinces of Aceh, North Sumatra, West Sumatra and Riau		Successor to RAPPEDA Project, considerably broadened in scope and objectives. Will operate in at least 2 RAPPEDA Project provinces i.e., Central Java and Aceh, but focused on different geographic sites, thus offering opportunity for more intensive and broadened assistance to those provinces. PDP II and III will be patterned along lines of PDP I with essentially same objectives, and each will extend project to 3 additional provinces.		(possible follow-on project)		NSRP II →	
				Regional planning effort in Major Development Region "A" comprised of North Sumatra, Aceh, Riau and West Sumatra. North Sumatra and Aceh are also RAPPEDA (Project #0260) provinces; and Aceh is also one of first two Provincial Area Development Program (Project #0264) provinces. All these projects focus on provincial RAPPEDAs, but using varying project approaches, aimed at differing target groups and at differing levels of local government; i.e., kecamatan, kabupaten, provincial, and regional (inter-provincial). An ideal opportunity to work together is also provided by this project to approximately the same group of GOI/USAID collaborators (albeit differing organizational nodes) who are concerned with the planning and execution of the RAPPEDA and PDP projects, and who are constantly seeking more effective rural development initiatives.							
		K P P & M T		KPP&MT I (#0237)		Master-planning a rational nation-wide Home Affairs training program focused on strengthened development planning & management capabilities at the provincial & kabupaten levels of local government. First step toward institutionalizing training & upgrading of local level development administrators that are benefitted on an ad-hoc and primarily OJT basis in the three foregoing projects. Ultimately, if a possible follow-on implementation of the master plan occurs, the resulting trained personnel of the implementing/service agencies and RAPPEDAs, will be equipped to more effectively undertake development activities such as those occurring in the foregoing local level projects.		KPP&MT II - possible follow-on project		→	

Kabupaten Provincial Planning and Management Training Project

Preliminary Scope of Work

Following is a listing of activities and outputs which constitute the Scope of Work for this project.

The initial fact finding and descriptive phase of the project will encompass:

1. Inventory and analytical description of province, kabupaten and kotamadya planning and management processes.
2. Cataloging of most urgent development planning and management training needs, by government and by staff position.
3. Inventory and analytical description of existing planning and management training courses, and of the capabilities of existing training institutions to respond to local development training needs, in terms of adequacy of staff, facilities, training and educational courses and curricula, training materials, etc.
4. Inventory and analytical description of potential inputs of other ongoing projects designed to improve planning and management skills of target officials, such as Provincial Area Development Program and Northern Sumatra Regional Planning Project.

The diagnostic analysis and final master planning phases will produce the outputs of this project. These outputs, when assembled in a co-ordinated format, will constitute the Master Plan. They include:

1. Overall organizational and administrative arrangements for a continuing/nationwide training program.
2. Needed staff and facilities development to enable Badan Diklat and other training institutions to effectively develop, implement, administer and evaluate the training program.
3. Outlining of recommended training courses. Will include identification of basic course content, targeted trainees, approximate course length, appropriate training techniques, course materials required, general location of training and approximate scheduling.
4. Training of trainers. Will address trainer selection, skills required, selection of trainer teachers, course content for trainer training, and appropriate role for trainer candidates participating in regional planning program funded by KPP&MT.

5. **Program for development of course materials. Will provide for both strong central capability and minimal provincial capability for materials production.**
6. **Financial plan. Will cost out all elements of above activities to ensure financial feasibility.**
7. **Final recap of recommendations for implementation of training program. Both proposed implementation schedule and specific components for USAID assistance in each major area will be included.**

Comparison of Total Budgets and Personnel of the
Badan Diklat to its Various Institutions IFY 74 and IFY 78
(Rp 000)

No.	Description	<u>Personnel</u>		<u>Routine Budget</u>		<u>Development Budget</u>	
		IFY 74	IFY 78	IFY 74	IFY 78	IFY 74	IFY 78
1.	Education and Training Body (Badan Diklat) of the Min. of Home Affairs (Central Unit)	48	125	107,791	163,250	60,500	313,432
2.	Other Home Affairs Training and Academic Institutions :						
a.	Institute for Government Science (IIP)*	37	63		113,943	-	32,000
b.	Agrarian Academies						
	1. Semarang	17	19	14,500	33,072	7,500	-
	2. Yogyakarta	46	46	17,800	824	7,500	31,000
c.	Advanced School for General Government Administration (SELAPUTDA)						
	1. Bandung	8	8	8,000	13,873	-	12,500
	2. Yogyakarta	29	33	12,000	31,679	-	20,971
	3. Medan	3	6	7,500	14,564	7,500	41,363
	4. Banjarbaru	9	9	7,500	10,107	-	12,500
	5. Ujung Pandang	4	8	7,500	11,194	-	12,500
	Total	203	317	121,035	461,508	83,000	476,266

* Routine budget IIP for IFY 74 is included in Central Unit IFY 74 routine budget.

ANNEX C
Life of Project
From FY 1977 to FY 1979
Total US Funding \$470,000
8/10/77

LOGICAL FRAMEWORK MATRIX

Project Title and Number: Kabupaten Provincial Planning & Management Project # 0237

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<u>Sector Goal:</u> <u>The Broader Objective to which the project contributes:</u>	<u>Measures of goal achievement:</u>	<u>Means of verification:</u>	<u>Assumptions for achieving goal targets:</u>
Improved quality of life for rural Indonesians.	Increased incomes, educational level, nutritional and health status, agricultural production by rural Indonesians.	National statistics of GOI, IBRD, and special surveys on income, health, education, agricultural production, and other economic indicators for Indonesia.	1.No significant social, political or natural upheavals occur to reduce progress on development programs. 2.Better planned and managed development projects contribute to improving conditions of the rural poor.

Sub-Goal

Better planned and managed development projects and activities at province and kabupaten levels.

Measures of Goal Achievement

1. Increased participation/ user/acceptance rates by rural poor in agricultural, rural development, educational, social and health programs.
2. Improved benefit-cost ratios for government administered development projects.

Means of Verification

1. Records of agricultural, rural development, education, social, and health units at all levels of government.
2. Evaluation reports on government programs such as INPRES, Village Subsidies, Padat Karya, etc.
3. Development project evaluations of GOI and donor agencies.

Important Assumptions

1. Nationwide training program is effectively implemented and successfully increases planning and management capabilities of trained officials.
2. Trained officials make effective use of techniques and skills learned in training.

Purpose

1. An improved nationwide training program.*

End of Project Status

1. Adoption of Master Plan by Dalam Negeri, August, 1979.
2. Submission of DUP for Master Plan implementation by December 1979 for FY 79/80 funding.

Means of Verification

1. Written approval documentation from Dalam Negeri.
2. DUP documentation.

Important Assumptions

1. Master Plan is substantively, financially, and politically acceptable to Dalam Negeri.
2. Dalam Negeri leadership remains convinced of importance of proposed training program.

* A continuing Dalam Negeri nationwide training program in development planning and administration for provincial and kabupaten officials and technicians.

Outputs

1. Master Plan for nation-wide training program, including step-by-step guidelines to strengthen capabilities of Badan Diklat in designing, implementing and administering an effective, continuing nationwide training program.
2. Increased awareness by Badan Diklat of training needs of province and kabupaten officials.
3. Limited number of potential trainers of nationwide training program trained in regional development.

Magnitude of Outputs

1. Completed comprehensive Master Plan covering all components of Scope of Work in English and Bahasa Indonesia by July 31, 1979.
2. Full participation of Badan Diklat officials in Master Plan process.
3. 40 potential trainers successfully complete coursework in regional development by 1980.

Means of Verification

1. a. Master Plan document
b. PAR of September, 1979
2. Badan Diklat and project records.
3. Training records of regional development course.

Important Assumptions

1. Design framework proposed in PP and ProAg is appropriate and adequate to develop comprehensive Master Plan.
2. Trainees were selected with high enough skills to successfully complete coursework.
3. Badan Diklat remains willing to devote staff time to assistance on project design.

Inputs

USAID:

1. Consultants services

2. Support for training of trainers.

3. Contingencies and Inflation

GOI:

1. Professional and Support Staff Services

2. Consultant Housing

3. Project Team Office

4. Project Vehicle

Implementation Target

USAID:

1. Salaries \$285,835
Per Diem 16,800
Travel 34,360
Allowance 19,000

2. Tuition and living allowances for 40 students \$ 75,000

3. Contingencies (5%) and inflation (4%) \$ 39,005

Total \$470,000

GOI:

1. Salaries \$ 77,251
Per Diem 12,600
Travel 7,080
Other 19,100

2. Housing Rental & Upgrading \$ 57,000

3. Office Rental, maintenance \$ 16,800
Office equipment & supplies \$ 13,550

4. Vehicle purchase 16,000
Vehicle operation & maintenance \$ 2,500

Total \$221,881

Means of Verification

1. USAID and Badan Diklat project records.
2. Project ProAg.
3. Project team reports.
4. GOI FY 78/79 budget and operational plan.
5. GOI contract with U.S. Consultants.

Important Assumptions

1. Full range of consultant services are available when needed.
2. USAID provides inputs according to project implementation schedule.
3. GOI makes budget provisions for and provides other inputs of high quality in a timely fashion.
4. GOI is able to execute contract with U.S. consultants in timely fashion.

ANNEX D

DEPARTEMEN DALAM NEGERI

REPUBLIK INDONESIA

Nr Diklat 12/4/5.-

August 3, 1977

Miss S. J. Littlefield
Acting Director
Agency for International Development
c/o American Embassy
Jl. Merdeka Selatan 3-5
Jakarta, Indonesia

Subject: Kabupaten/Provincial Planning and Management Training

Dear Miss Littlefield:

In accordance with my letter of 21 May 1977 and subsequent discussions with USAID staff, this is to request USAID assistance in the development of a master training plan for Departemen Dalam Negeri (Ministry of Home Affairs), oriented toward Provincial and Kabupaten personnel, as well as training of staff units of my own office, Badan Diklat (Agency for Education and Training). Additionally, there is a need for a relatively small amount of near-term financial assistance to support forthcoming training programs such as the one at the University of Gajah Mada, from which will come trainers and other more qualified personnel to participate in the implementation of the master training plan when it has been developed and approved.

I visualize that our efforts to strengthen regional development training will be undertaken in two phases: first, the development of the master training plan, and secondly, the implementation of the approved master training plan. The assistance being requested now is mainly for the development on the master plan itself.

If appropriate, and depending on the approved master plan which evolves, the Government of Indonesia will probably request USAID assistance subsequently for the implementation of the approved training plan.

In consonance with discussions I have had with the USAID staff, I intend to submit a budget request for the necessary Government of Indonesia funding for the first phase of this project, so that required counterpart support will be available in IFY 1978/1979, sometime after April, 1978.

Please let me know if I can furnish additional information. Your attention and cooperation are appreciated.

Sincerely yours,

Toyiman Sidikprawiro, MPA
Director General/Chief Agency
for Education and Training
Ministry of Home Affairs