

# FINAL EVALUATION OF THE CLEAN URBAN PROJECT

Contract No. 497-C-00-98-00003-00

Prepared for  
United States  
Agency for International Development

Office of Decentralized Local Government,  
Jakarta, Indonesia



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January 2002  
Task Order No. AEP-I-801-00-00022-00

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## ACKNOWLEDGEMENTS

The Evaluation Team would like to say a sincere “*terima kasih banyak*” to all the many people who helped us in the course of preparing this report. They are far too many to mention by name here, but those whose names we collected are listed in Appendix B. We’d like to single out Chris Milligan, Elinor Bachrach, Jessica McKenna and their colleagues in the Office of Decentralized Local Government at USAID, who kindly devoted much time guiding us through the maze of the CLEAN Urban project. We especially appreciated the company of Elinor on our field trip to East Java.

We’d also like to mention Michael Sinclair, Blane Lewis, Robert van der Hoff, Joel Friedman and their colleagues from the PERFORM project, which is the successor to CLEAN Urban. Since most of them worked on CLEAN Urban, they were able to give us keen insights into what went on inside government during the past three tumultuous years.

We were also privileged to be able to meet with many senior members of government who were actively involved in CLEAN Urban, including Ibu Siti and Ibu Sugiarti at the Ministry of Home Affairs, Pak Herman at Bappenas, and Pak Arlen at the Ministry of Finance. Their perspective on events was most enlightening.

We spent several days visiting project locations in East and West Java , and met numerous government officials, local residents, and members of the former and present field teams. We’d particularly like to thank Pak Didiek and Pak Kresno for arranging our meetings in East Java and guiding us around.

Everyone we met was more than willing to share their time and views with us, and we greatly appreciate their cooperation and good humor. Since most of our visits occurred during the holy month of Ramadan, we apologies for any inconvenience we may have caused.

Hugh Evans, Team Leader  
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## Executive Summary

### Purpose of the CLEAN Urban Program

One of USAID/Indonesia's global strategic objectives is that of "making local governments more effective, responsive, and accountable." The strategic objective looks for means to increase the participation of local communities in local government decision-making, institutional capacity building—particularly in terms of budgeting and financial management, and the general sharing of power at the local level. The specific response for Indonesia, the CLEAN Urban Program, focused on increasing the management and political capacities of large numbers of Indonesian local governments. USAID's CLEAN Urban program was designed to accomplish "...three key policy objectives:

- Increased greater community participation in local government decision-making, specifically issues pertaining to urban environmental infrastructure
- Improved regulatory framework with clear roles and responsibilities for all levels of government in the provision and financing of urban services
- Improved administrative and financial management capacity of local governments".

The CLEAN Urban program implemented by the Research Triangle Institute under the Contract No. 497-C-00-98-00003-00 included four specific performance objectives (areas designated for action) known as CLINs. Briefly, these included:

CLIN 1: Prepare financing packages for urban environmental infrastructure projects in designated sectors and locations, that help local governments better meet community needs.

CLIN 2: Strengthen local stakeholder groups to participate more effectively in local decision making regarding urban environmental infrastructure services.

CLIN 3: The refinement and institutionalization of central-level policies and procedures that facilitate effective use at the local level of available financing options.

CLIN 4: Support for the GOI's official program for developing and testing modules targeted at senior urban managers.

CLEAN Urban ended in March 2001, and has been succeeded by PERFORM, also implemented by the Research Triangle Institute.

### Purpose of evaluation and methodology used

As required by Section E.4, Award Monitoring and Evaluation Plan, [c] 1, (ii), Exterior Evaluation, a second evaluation is required following completion of the contract period for the above referenced program. The primary purpose of the required evaluation is to

provide USAID staff and counterparts with a document that it can use in the design and implementation of future local government programs and activities. The assessment is also intended to determine how USAID can best replicate and sustain similar programs that help achieve desired approaches and techniques for improved local government management and community participation in local decision-making.

In conducting this assignment, the Evaluation Team followed conventional methods of project evaluation, systematically reviewing relevant documents, and holding structured interviews with a wide range of stakeholders, both in Jakarta and the field. One member of the Evaluation Team based in Washington also visited staff at USAID and RTI in North Carolina.

## **Findings and conclusions**

### **a. The Project as a whole**

CLEAN Urban took place at a time of unprecedented change in Indonesia. The biggest achievement of the project was its ability to adapt successfully to constantly changing circumstances and new priorities. In the process, CLEAN Urban facilitated the release of a major loan from the World Bank in support of the Social Safety Net program (SSN), and generated numerous proposals for creating jobs. At the national level, advisers provided extensive policy guidance on decentralization, winning USAID recognition as one of the leaders in the field among donors. At the local level, CLEAN Urban made a significant impact on attitudes to citizen participation in the planning process and put in place mechanisms to facilitate this.

Making these adjustments required considerable ingenuity and close collaboration between USAID and the contractor, but exerted a considerable strain on the project. While making it more relevant, the changes also had the effect of blurring objectives, creating a disjunction between activities at the center and in the field, and causing problems of coordination between field components. Shortening the project from four to three years also undermined efforts to build sustainable local capacity for participatory planning.

### **b. Participatory planning**

The participatory planning component (CLIN1) achieved major advances in the evolution of a model for strategic urban planning, known as PDPP. This has since been approved for use by MOHA, and is being applied by an increasing number of local governments. In terms of sustainability, CLEAN Urban left behind a greater impact on local residents than planning officials.

The PDPP model is still in its infancy, and is constantly being developed further. As it stands, the concept of participation is still weak. Citizens “participate” in the planning process but don’t control decisions. PDPP is heavily focused on participation in planning but has little to say about implementation and management. Results are not commensurate with the effort involved, and the contribution of the city forums appears to be marginal.

PDPP plans are strong on physical infrastructure, but weaker on strategic issues. They do not adequately reflect community concerns related to “fuzzy” problems, such as health, education, and security. Although designed to produce medium-term develop-

ment plans, PDPP is used mainly as an instrument for preparing annual budgets. Most documents produced so far have been prepared either by project staff or outside consultants.

### **c. Policy assistance**

CLEAN Urban achieved its biggest impact through policy assistance to central government ministries. Throughout the project, advisors and supporting staff were attached to MOF and MOHA, and for shorter periods to Bappenas and the short lived SMRA. They contributed critical inputs to the SSN program designed to create jobs, and later in support of fiscal and administrative decentralization. Their assistance resulted in an impressively long list of laws, regulations and ministerial decrees enacted, issued and adopted.

According to senior officials who knew their work, CLEAN Urban advisers were effective in working with their colleagues and building a consensus on policy elements. The project was able to facilitate communication by placing advisors in key departments involved in decentralization.

CLEAN Urban attempts to link policy assistance at the center with local government capacity building in the field yielded mixed results. Assistance was provided to municipal corporations, but few went very far in implementing guidelines. Assistance to local governments with medium-term development planning produced better results, but involved a lot more effort. We conclude that any attempt to strengthen local capacity requires intensive efforts sustained over an extended period of time.

### **d. Padat Karya**

Although the Padat Karya component never accomplished its ultimate goal of creating many jobs, it did succeed impressively in the more immediate task of rapidly generating proposals for labor intensive employment in physical infrastructure works. It also achieved success in recovering small loans made earlier under SSN programs and recycling them to new borrowers for income generating activities. Another noteworthy element of Padat Karya was the monitoring of household incomes, which yielded valuable information for SSN planners in the absence of other data.

USAID's motive was to create jobs quickly in response to the economic crisis. In the event, funds materialized late in the day, and few jobs were created at the time they were needed. Instead, many people who became unemployed either went back to rural areas or joined the informal sector.

This suggests two lessons. Since new programs take time to set up, it may instead be more effective in times of crisis to support ongoing programs already in place. Rather than relying on short lived infrastructure projects dependent on government, it may be more effective and quicker to support people's own initiatives in running micro enterprises.

### **e. Coordination**

Coordination, as always, was difficult to achieve. The one exception was the highly productive collaboration between CLEAN Urban and the GTZ SfDM project. Together, they undertook a ground breaking needs assessment for strengthening the capacity of

local government to implement decentralization, and produced a policy framework for addressing these needs. Recommendations were accepted by government and donors are using the framework as a basis for planning their own activities. Otherwise, there was little interaction with other donor programs, and we see little prospect of other donors collaborating with PERFORM in disseminating or adopting the PDPP approach in the future.

Among USAID programs, CLEAN Urban / PERFORM maintains good communications with the BIGG project, and meets occasionally with the LGWSS team. Coordination with GOI at the center was plagued by the constant reorganization of central government agencies which accompanied the quick succession of three new Presidents. The same was true in the field, compounded by the merger of local government with local offices of central government. The constant rotation of staff undermined efforts to build local capacity and institutionalize the PDPP approach.

Within CLEAN Urban itself, effective coordination between the three components in the field was a constant headache. Greater success might have been achieved had these been integrated into a single whole, but scope for doing this was circumscribed by the nature of the performance contract adopted for the project. Despite this, some degree of informal coordination was achieved at the grass roots level by facilitators working on each component.

## Recommendations

Since CLEAN Urban has ended, recommendations are addressed to those activities which are now being continued in PERFORM.

### a. At the project level

There is some pressure from central government to use field teams for strengthening local government capacity to adopt regulations and decrees related to decentralization that PERFORM advisers are now working on at the center. We do not recommend any of the options discussed. Experience from CLEAN Urban shows clearly that adding new tasks of this magnitude in the middle of a project diverts resources, blurs objectives, and creates major management problems. We suggest instead that USAID consider forming a separate project for the purpose, or that it be left to other interested donors.

### b. Participatory planning

This component has now reached a cross-roads. It can either stick to its narrow objective of producing medium-term plans or it can lead the way towards a broader more ambitious objective of showing how government and citizens can work together towards improving the quality of life. The Evaluation Team favors the latter course, and suggests steps in that direction.

### Recommendation 1: Empower citizens

The PDPP concept of participation should **aim higher to enable citizens to share in decision making**. The role of participants should expand beyond planning to include implementation of proposals and management of public services. At the level of com-

munities, we recommend that PERFORM **continue and enhance work at the community level** as undertaken under CLEAN Urban.

We also recommend that the **City Forum should be strengthened greatly**. It may be seen both as a platform for articulating and promoting the interests of citizens, and as a means for mobilizing non-government resources to address those interests.

### **Recommendation 2: Enable government to respond**

We recommend that PERFORM also focus efforts on enabling government to respond more effectively to the needs and demands of citizens. Among steps to consider are: (1) Assist local governments in formulating a strategy for responding to citizen needs and demands. (2) Replace technical teams with an office of citizen empowerment (or similar) and set up a network of facilitators linked to this office. (3) Refocus the content of PDPP documents to reflect a broader vision of citizen participation

### **Recommendation 3: Narrow and intensify support**

Experience from CLEAN Urban shows clearly that in order to be effective, capacity building has to be sharply focused, intensive, and maintained for an extended period of time. We recommend that PERFORM **concentrate resources in fewer locations**, and back away from efforts to replicate PDPP rapidly in a large number of locations. We also recommend that PERFORM **intensify capacity building**, and direct it to both local government and key citizen groups.

#### **c. Policy assistance**

**Recommendation 1:** PERFORM should collaborate with BAPPENAS, BANGDA and GTZ in drafting implementing regulations (Peraturan Pemerintah or PP) related to Law 25 / 2000 on development planning.

This is important because the implementing regulations and PDPP are both concerned with local government development planning. The scope and content of the new regulations has a bearing on the extent to which local governments will be willing or motivated to adopt the PDPP guidelines.

**Recommendation 2:** The Steering Committee for PERFORM should consider allocating additional resources to assist MOHA OTDA with activities related to Government Regulation No. 105 of Year 2001.

This is an important regulation that requires all local governments to replace existing line item budgeting systems with performance based systems by 2003. The aim is to enhance local government accountability, and to reduce corruption, collusion and nepotism at the local level. Since the BIGG project is also working on performance based budgeting, they should also be involved in these discussions.

**Recommendation 3:** PERFORM should terminate direct assistance to local governments on corporate planning and management of municipal enterprises.

Since most of the enterprises concerned are PDAMs, it would be better to assign this task to another project, LGWSS, which is providing similar technical assistance in other locations.

**d. Project management**

**Recommendation 1:** Establish a project monitoring and evaluation system and recruit a suitably qualified person to design and maintain it.

PERFORM is a large project with numerous activities. The lack of a monitoring system jeopardizes the ability of USAID and the contractor to manage the project effectively.

**Recommendation 2:** Strengthen advisory support from the center to teams in the field.

Field activities now cover an increasing number of locations dispersed across several regions of the country. The present level of support is not sufficient. Consistent with the recommendation to intensify capacity building efforts in the field, we also urge that PERFORM strengthen support for the field teams. This will become even more important if it is decided to establish clone teams to service additional locations, or to transform existing teams into independent units in order to maintain sustainability of activities after the project terminates.

## List of Contents

<b>EXECUTIVE SUMMARY</b> .....	<b>III</b>
Purpose of the CLEAN Urban Program.....	iii
Purpose of evaluation and methodology used.....	iii
Findings and conclusions .....	iv
a. The Project as a whole .....	iv
b. Participatory planning .....	iv
c. Policy assistance .....	v
d. Padat Karya.....	v
e. Coordination .....	v
Recommendations.....	vi
a. At the project level .....	vi
b. Participatory planning .....	vi
c. Policy assistance .....	vii
d. Project management.....	viii
<b>LIST OF CONTENTS</b> .....	<b>IX</b>
<b>LIST OF ACRONYMS</b> .....	<b>XI</b>
<b>MAIN REPORT</b> .....	<b>1</b>
<b>A. Introduction</b> .....	<b>1</b>
<b>B. Background</b> .....	<b>2</b>
1. Context and priorities .....	2
2. Program components .....	3
<b>C. Program assessment</b> .....	<b>4</b>
1. Participatory medium-term investment planning for local governments .....	4
a. The PDPP model.....	4
b. Application of PDPP .....	6
c. Sustainability.....	8
d. Replication.....	10
2. Policy assistance to central government on administrative and fiscal decentralization .....	11
a. Needs and priorities for technical assistance.....	12
b. Effectiveness .....	13
c. Consistency with USAID objectives .....	14
d. Further assistance .....	15
3. The impact and effectiveness of the Padat Karya program.....	16
a. Support to Bappenas.....	16
b. Implementation and monitoring.....	17
c. Methods used .....	18
d. Rationale.....	18

4.	Coordination with other decentralization-related activities.....	18
a.	Within CLEAN Urban.....	19
b.	USAID programs.....	19
c.	Donor programs.....	20
d.	Within GOI.....	21
e.	At the local level.....	22
5.	Management of the CLEAN-Urban project.....	22
a.	Form of contract.....	23
b.	USAID management issues.....	24
c.	Contractor management issues.....	25
d.	Monitoring and reporting.....	26
<b>D.</b>	<b>Conclusions and Lessons learned.....</b>	<b>26</b>
1.	The Project as a whole.....	26
2.	Participatory planning.....	27
3.	Policy assistance.....	29
4.	Padat Karya.....	30
5.	Coordination.....	31
<b>E.</b>	<b>Recommendations.....</b>	<b>32</b>
1.	At the project level.....	32
2.	Participatory planning.....	33
3.	Policy assistance.....	36
4.	Project management.....	36

## APPENDICES

- A. Statement of Work
- B. List of People Interviewed
- C. List of References
- D. The PDPP approach
- E. Miscellaneous

## List of Acronyms

ADB	Asian Development Bank
APBD	Anggaran Pembangunan Daerah (Local Development Budget)
APBN	Anggaran Pembangunan Nasional (National Development Budget)
APEKSI	Asosiasi Pemerintah Kota Seluruh Indonesia / Association of Indonesian Municipalities
APKASI	Asosiasi Pemerintah Kabupaten Seluruh Indonesia / Association of Indonesian Districts
AusAid	Australian Agency for International Development
Bangda	Pembangunan Daerah – department within MOHA
BAPPEDA	Badan Perencanaan dan Pembangunan Daerah
Bappenas	Badan Perencanaan dan Pembangunan Nasional (National Development Planning Board)
BIGG	Building Institutions for Good Governance
BKPD	Badan Keuangan Pemerintahan Daerah (Local Government Finance Board)
BPPL	Community Committees for Environment Health?
BUILD	Breakthrough Urban Initiatives for Local Development
BUMD	Badan Usaha Milik Daerah (Local Government Enterprises)
CBO	Community Based Organization
CDS	City Development Strategy
CGI	Consultative Group on Indonesia
CIDA	Canadian International Development Agency
CIP	Capital Investment Planning
CLEAN	Coordinated Local Environmental Action Network
CLIN	Consolidated Line Item Numbers
CNA	Community Needs Assessment
COP	Chief of Party
CPAF	cost-plus-award-fee
DAU	Dana Alokasi Umum (Central government grants to local government )
DLG	Decentralized Local Government, an office of USAID
DPOD	Dewan Penembangan Otonomi Daerah (Regional Autonomy Advisory Board).

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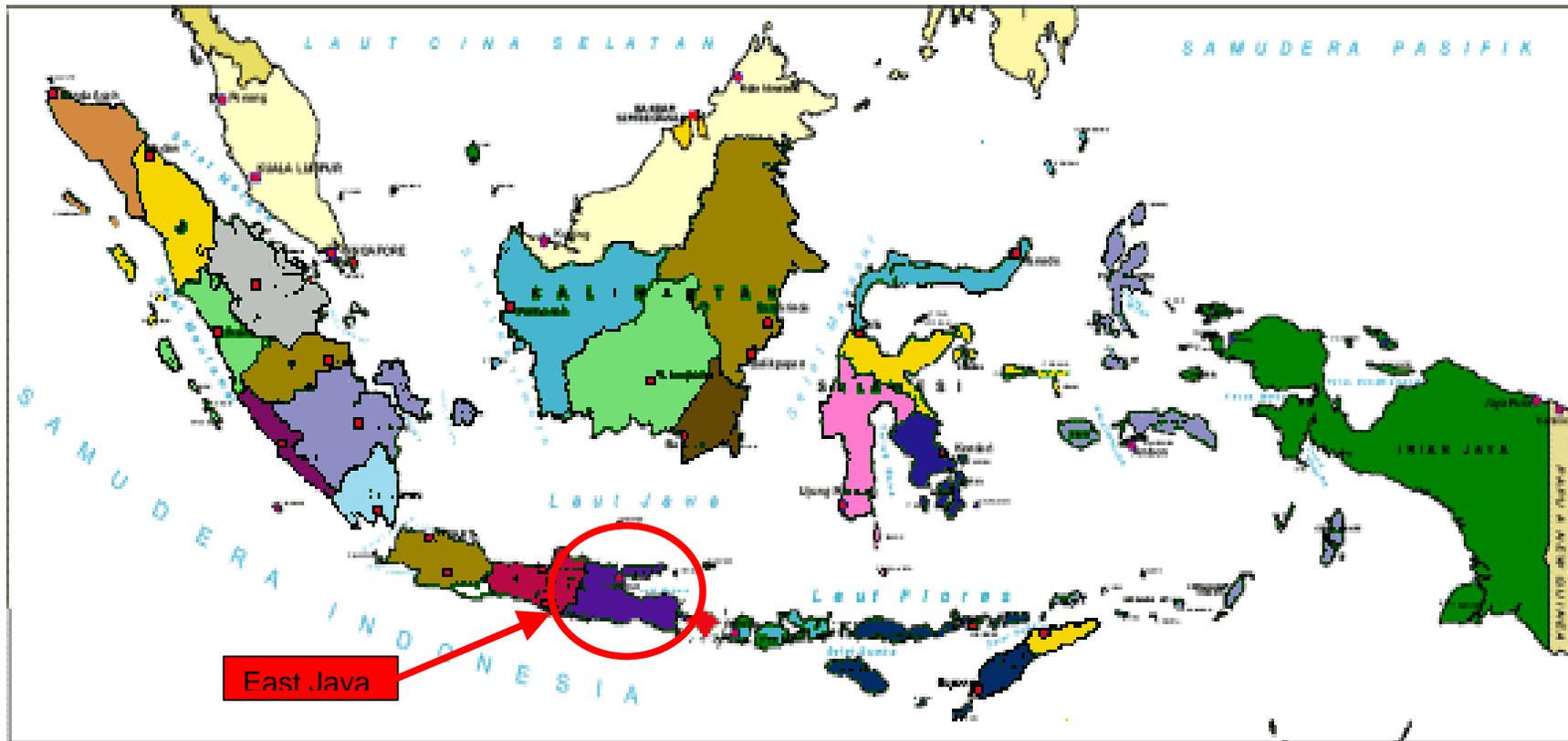
DPRD	Dewan Perwakilan Rakyat Daerah (local assembly or council)
DUK	Daftar Usulan Kegiatan (Proposed Activities List)
DUP	Daftar Usulan Proyek (Proposed Projects List)
FGD	Focus Group Discussion
FKPP	Forum Komunikasi Pembangunan Kota (City Development Communication Forum)
FLP	Forum Lintas Pelaku (City Forums under Social Safety Net Program)
FY	Fiscal Year
GAD	Gender and Development
GBHN	Garis Besar Haluan Negara
GOI	Government of Indonesia
GTZ SfDM	<i>Deutsche Gesellschaft Fuer Technische Zusammenarbeit</i> Support for Decentralization Measures
GTZ SfGG	<i>Deutsche Gesellschaft Fuer Technische Zusammenarbeit</i> Support for Good Governance
IUIDP	Indonesian Urban Infrastructure Development Program
JPS	Jaringan Pegaman Sosial (Social Safety Net)
KANWIL	Kantor Wilayah (Regional Office)
KEPMEN	Ministerial Decrees
KimPresWil	Kementerian Pengembangan Prasana dan Wilayah / Ministry for Regional and Infrastructure Development
LGWSS	Local government Water Supply Services
LKKs	Lembaga Keuangan ....(neighborhood financial institutions)
LKMD	Lembaga Ketahanan Masyarakat Desa
MFEI	Municipal Finance for Environmental Infrastructure
MFP	Municipal Finance Project
MOF	Ministry of Finance
MOHA	Ministry of Home Affairs
Musbang	Musyawaharah Pembangunan (community planning meeting)
NGO	Non-Governmental Organization
OTDA	Otonomi Daerah (Local Authonomy)
P2IRT	Program Pengembangan Institusional dan Rencana Tindak / Institutional Development Program and Action Plan
P3KT	Program Perencanaan Pembangunan Kota Terpadu / Integrated City Planning Program Development
P3RT	<i>Program Pengelolaan Pembiayaan dan Rencana Tindak Lanjut / Financial Management Program and Action Plan</i>

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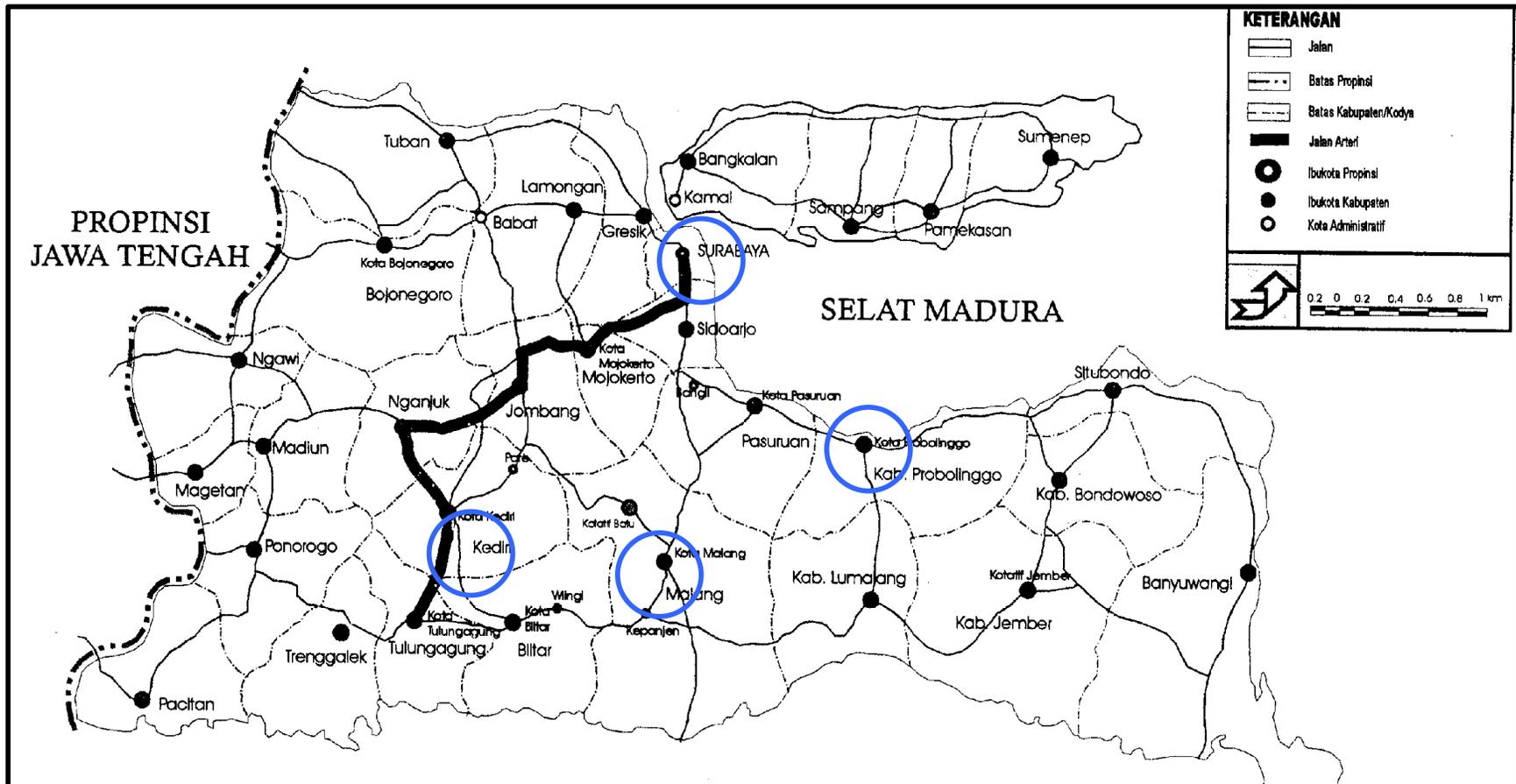
P3T	Program Pembangunan Perkotaan Terpadu / Integrated Urban Development Program
PBC	Performance Based Contracting
PDAM	Perusahaan Dinas Air Minum
PDM-DKE	Pemberdayaan Daerah dalam Mengatasi Dampak Krisis Ekonomi / Local Empowerment Program to Eliminate Economic Crisis Impacts
PDPP	Program Dasar Pembangunan Perkotaan (Basic Urban Development Program)
PEMDA	Pemerintah Daerah
PERFORM	Performance-Oriented Regional Management
PIPP	Program Investasi Pembangunan Perkotaan / Investment Program for Urban Development
PKDMK	Penanggulangan Dampak Krisis dan Masalah Ketenagakerjaan / Reducing Crisis Impacts and Labor Force Problems
PKK	Pendidikan Kesejahteraan Keluarga / Education for Family Welfare
POLDAS	Pola Dasar (Basic Design)
PP	Peraturan Pemerintah (Government Regulation)
PRA	Participatory Rural Appraisal
Propeda	Program Pemerintah Daerah (Local Government Program)
Propenas	Program Pembangunan Nasional (National Development Program)
PURSE	Privatization of Urban Services (A USAID project)
Rakorbang	Rapat Koordinasi Pembangunan (Development Coordination Meeting)
RAPBD	Rencana APBD (Draft APBD)
Renstra	Rencana Strategis (Strategic Plan)
Repetada	Rencana Pembangunan Tahunan Daerah (Local Annual Development Plan)
RT	Rukun Tetangga
RTI	Research Triangle Institute
RW	Rukun Warga
SME	Small and Medium Enterprise
SP3N	Sistem Perencanaan dan Pengendalian Pembangunan Nasional / National Development Planning and Control System
SPJM	Sasaran Pembangunan Jangka Menengah / Mid-Term Development Plan
SSN	Social Safety Net Program
SWOT	Strengths, Weaknesses, Obstacles, and Threats
ToT	Training of Trainers
UDKP	Unit Daerah Koordinasi Pembangunan / Coordination of Development

	Planning Program at Sub-District Level
UMTP	Urban Management Training Program
UNCHS	United Nations Centre for Human Settlements
UNDP	United Nations Development Agency
UPM-JPS	Unit Pengaduan Masyarakat Complaint Resolution Unit
USAID	United States Agency for International Development
WID	Women in Development

### Map of Indonesia



## Map of East Java Locations Visited for Evaluation



## Main Report

### A. INTRODUCTION

CLEAN Urban (Coordinated Local Environmental Action Network) is the name given to a program carried out in Indonesia during the period from January 1998 through March 2001 under USAID Contract No. 497-C-00-98-00003-00 awarded to the Research Triangle Institute (RTI) of North Carolina. Much of the work carried out under CLEAN Urban is now being continued under a three year follow-on program called PERFORM (Performance-Oriented Regional Management), also contracted to RTI.

In conformance with standard practice, USAID requires two external evaluations of CLEAN Urban to assess progress and achievements. A mid-term evaluation was conducted by USAID staff early in 2000 and the findings were issued in March that year. A final evaluation was carried out in November / December 2001 by a five person team from Checchi and Company Consulting, and this report contains the results.

As called for in the scope of work, the emphasis in this final evaluation is on activities and achievements in the third and final year of the program, in particular the policy assistance work at the Ministries of Finance and Home Affairs, the PDPP participatory planning mechanism, and its application at the pilot sites in East and West Java. The main purpose of this evaluation is to make recommendations on how best to apply the results and experience gained from CLEAN Urban to future activities including PERFORM. Among other tasks, the evaluation aims to determine the effectiveness of the policy work with the central government, the appropriateness of the PDPP as a vehicle for roll-out to other local governments across Indonesia, and the sustainability and replicability of this approach as decentralization moves ahead.

In conducting this assignment, the Checchi team followed conventional methods of project evaluation, systematically reviewing relevant documents, and holding structured interviews with a wide range of stakeholders. In Jakarta, we met staff from USAID, members of the CLEAN Urban Team, and staff and officials from the central government agencies involved (MOF, MOHA and Bappenas). Outside Jakarta, we spent one day in each of four cities served by CLEAN Urban – Malang, Kediri and Probolinggo in East Java, and Depok in West Java – to meet with members of local assemblies, local government officers, and representatives from City Forums, NGOs and CBOs. A member of the evaluation team based in Washington also visited staff at USAID and RTI in North Carolina.

In the course of collecting information for this evaluation, we encountered a number of constraints. USAID restrictions in place at the time prevented our Washington based member from traveling to Indonesia, and delayed the return to Jakarta of key USAID informants. During the interim between the end of CLEAN Urban in March and the time of the evaluation in November, numerous other key informants had moved, retired, or left the country. It proved particularly difficult to locate individuals in the field who had been closely involved in CLEAN Urban. While those on the “inside” provided us with excellent accurate information, stakeholders on the “outside” often had a poor and

confused picture of the workings of the program, not perhaps surprising given its complexity. Despite these frustrations, we think we managed to obtain a reasonably good grasp of what happened, although we may not always have drawn the right conclusions on some points.

The structure of this report is largely based on the scope of work. In section B, we provide an overview of the CLEAN Urban program, and key changes that occurred in response to events unfolding at the time. This is followed in section C by a detailed assessment of five aspects of the program, related to participatory planning, policy assistance, job creation, donor coordination, and program management. In section D, we draw a number of conclusions and highlight lessons to be learned from experience gained in the program. The final section E includes our recommendations as they relate to the five aspects just mentioned.

## **B. BACKGROUND**

### **1. Context and priorities**

The CLEAN Urban project took place at a time of unprecedented change in Indonesia. It was designed and contracted during the second half of 1997, before people properly understood the full implications of the economic crisis which started in Thailand in June and spread to Indonesia in the fall of that year. At that time, the USAID Mission's strategic objectives included "Strengthened Urban Environmental Management". The goal of CLEAN Urban was to assist the GOI in adopting policies and practices to facilitate decentralized (read deconcentrated) financing and improved management of urban environmental service provision. In part, CLEAN Urban was intended to build on the policy reforms achieved over several years by three earlier USAID activities, MFP (Municipal Finance Project), PURSE (Private Participation in Urban Services), and MFEI (Municipal Finance for Environmental Infrastructure).

Only a few short months after launching CLEAN Urban in January 1998, Indonesia witnessed the dramatic collapse of the Suharto regime in May, prompted largely by the economic crisis, which saw the rapid devaluation of the rupiah, numerous bankruptcies, widespread layoffs, rising unemployment and increased poverty. In an effort to address the crisis, the Mission redirected its resources towards new objectives. Out went the concern with environmental infrastructure, in came the new goal of "Increased Employment in Targeted Cities". Accordingly, towards the end of 1998, CLEAN Urban added a totally new component, Padat Karya, designed to generate large numbers of jobs through labor-intensive activities. It was anticipated that these would be funded under the Social Safety Net program through a World Bank loan for budget support.

Meanwhile, faced with the resurgence of long suppressed regional demands and the threat of national disintegration, the new government of President Habibie started in the fall of 1998 to push for legislative reforms to strengthen local autonomy and enhance the role of district governments. This culminated in May 1999 with the passage of ground breaking laws 22 and 25 on decentralization, designed to transfer to local government functions and fiscal resources previously allocated to central government departments. This presented an opportunity for the Mission to pursue one of USAID's global objectives, that of "making local governments more effective, responsive, and

accountable". With effect from 1999, CLEAN Urban was once again revamped to place greater emphasis on citizen participation in planning and decision making for urban management.

## 2. Program components

In recruiting RTI to implement CLEAN Urban, USAID adopted a performance based contract, structured around four CLINs (Consolidated Line Item Numbers). The use of CLINs was intended to focus attention on the outputs to be produced by the project, and to provide greater latitude to the contractor in using funds to achieve these outputs. To assess the performance of the contractor in implementing the project, USAID and the contractor agreed each year to a set of benchmarks related to each CLIN. The four CLINs for CLEAN Urban were:

- **CLIN 1:** "Prepare financing packages for urban environmental infrastructure projects in designated sectors and locations, using the menu of financing options available to level II governments (PEMDAs), which include kotamadya (cities) and kabupaten (districts) and local government-owned water authorities (PDAMs). This activity is designed to help these officials learn to make infrastructure financing decisions that better meet community needs."
- **CLIN 2:** "Strengthen local stakeholder groups (community groups, business groups, universities, women's organization, NGOs, and other local groups) to participate more effectively in terms of numbers of groups and quality of input in local decision making regarding urban environmental infrastructure services, to better enable local government officials to understand and measure the demand for these services."
- **CLIN 3:** "The refinement and institutionalization of central-level policies and procedures that facilitate full and effective use at the local level of the financing menu described above under Performance Objective No. 1."
- **CLIN 4:** "support for 12 months, as stated in CLINs 4.a through 4.c, the Urban Management Training Program (UMTP), the GOI's official program for developing and testing modules targeted at senior urban managers."

As a result of the major events occurring at the time the contract was signed in late 1997 and afterwards, many of the outputs and implicit goals in these CLINs became irrelevant or redundant. Funding never materialized until much later for packages of urban environmental infrastructure projects envisaged under CLIN1. Public resources were needed for other more urgent priorities, and loans for private investment dried up due to the collapse of the banking system. This made it largely pointless to continue with CLIN3, concerned with policies for funding these projects. It also undermined the purpose of CLIN2, in promoting stakeholder inputs into planning and decision making for urban infrastructure.

Changes in the tasks to be undertaken were reflected in the specification of benchmarks for each CLIN. As stated in the scope of work for the mid-term assessment of CLEAN Urban, the focus of the project by the end of the second year had been redirected towards:

- Creating employment through developing community-level infrastructure to be funded with social safety net funds;
- Participatory planning of local government capital investments;
- Policy assistance at Home Affairs in regard to decentralized local government administration;
- Policy assistance at the Ministry of Finance in regard to fiscal decentralization.

These changes presented a considerable challenge for the management of the program. It is to the great credit of the staff of USAID and the contractor, RTI, that together they were able to meet this challenge successfully.

## **C. PROGRAM ASSESSMENT**

As mentioned earlier, the scope of work for this evaluation asked us to look at five aspects of CLEAN Urban: participatory planning, policy assistance, job creation, donor coordination, and program management.

### **1. Participatory medium-term investment planning for local governments**

One of the main accomplishments of CLEAN Urban was the evolution and application of a participatory process for strategic planning, called PDPP (Program Dasar Pembangunan Perkotaan or Basic Urban Development Program). In assessing the PDPP, we look at four aspects: the model itself; its application in practice; prospects for sustainability; and the feasibility of wider replication.

#### **a. The PDPP model**

In evaluating the PDPP model, it is helpful to keep in mind how it evolved during the course of the project from the fusion of two separate activities. At the outset of CLEAN Urban, the contractor was required under CLIN2 to “strengthen local stakeholder groups .... to participate more effectively ..... in local decision making regarding urban environmental infrastructure services.” This was accomplished primarily through the use of community needs assessments, in which trained facilitators organized public meetings at the level of the neighborhood to identify needs and rank priorities. The same instrument was later used for the Padat Karya component to generate proposals for employment and income generating activities.

Under CLIN1, CLEAN Urban originally adopted a model known as CIP (Capital Investment Planning) for the purpose of preparing infrastructure packages, similar to those which in earlier years had been designed under programs such as IUIDP. It was envisaged that these would then be funded through loans from sources such as the World Bank and the ADB. Following a review in mid 1998 by the CLEAN Urban Technical Committee (comprising staff from the departments involved in implementing the project), the model was revised (and renamed P3T) to also include other capital investments covering health, education, economic activities and community needs.

With the move towards decentralization and greater local autonomy, and in response to pressure from USAID, the model was largely redesigned in late 1999 (now named

PDPP) to strengthen citizen participation in the planning process. For this purpose, PDPP adopted two instruments. To reflect “bottom up” priorities, PDPP uses community needs assessments, in the manner applied extensively under the CLIN2 and Padat Karya components. To address “top down” issues of concern to the entire city (or district), PDPP relies on city forums, which had also been established in various forms in most places. The outputs to be produced under PDPP include: a strategy statement, an investment program, and plans for institutional development and financial management to support the strategy.

A more detailed description of the PDPP approach may be found in Appendix C. Below we take a look at these three aspects of the PDPP model.

**Community needs assessments.** As envisaged and applied under PDPP, CNAs are to be undertaken extensively across most or all of the city. This involves training large numbers of facilitators, and holding numerous meetings, requiring considerable time and effort from community members.

We question whether this is a cost-effective method of obtaining community inputs for strategic planning. Neighborhoods may differ, but needs and priorities are likely to be similar from one to the next. A stratified sample of communities would probably yield the same information with less time and effort. Either way, CNAs tend to emphasize a narrow range of proposals that benefit the majority, like drinking water, street paving, and school classrooms. More diverse ideas, for example for economic activities, gain weaker support, partly because they are less familiar and less well understood. A sample based on different kinds of communities might yield richer more varied information. In Probolinggo, for example, the city forum undertook their own needs assessment, based on groups of fishermen, women, small scale enterprises, and informal sector activities.

From the community standpoint, the exercise of drawing up long shopping lists of projects through CNAs also risks raising unfulfilled expectations. Experience in Indonesia and many other places shows that at the end of the day resources are sufficient to fund only a small number of proposals.

Some argue that CNAs are a useful starting point to empower communities and strengthen their capacity for self-determination. But we understand that both CLEAN Urban and PERFORM were intended to achieve the narrower goal of citizen participation in the planning process, which is only one aspect of community empowerment. If PERFORM really intends to achieve the larger goals of empowerment and self-determination, then a more comprehensive approach is needed, of which PDPP would remain an important element.

**City forums.** Under PDPP, city forums are intended to provide a means for local residents to participate in identifying strategic “top down” issues, setting goals and determining priorities. They are to include a wide range of representatives from business, local communities, and other civil society organizations. Members of the city forum are to work with local government technical teams on task forces to produce the various outputs related to the strategic plan.

While the intention is clear, the notion of “participation” is weak. It implies a largely passive role similar to the past, in which residents are offered a chance to react or comment on proposals prepared by government staff, or worse, merely informed of decisions already taken. On their own, most members of the city forum simply do not have the time or resources to participate on an equal level with local government professional staff.

If members are to play a more forceful proactive role, they must have the means to generate their own ideas and proposals and set their own agendas. This suggests three options, though others might be considered. The forum should be given resources to hire its own professional advisors, which is costly and not always feasible. Or, it should be closely linked to other institutions capable of preparing technical inputs of their own. Or, it should strive to build a network of constituent community groups and civil society organizations, such that it is able to speak with a voice strong enough to command a response from government. Either way, the PDPP model for the city forum needs to be considerably strengthened.

**Outputs.** The number and complexity of outputs envisaged for PDPP may also be too ambitious. Substantial training and technical assistance is likely to be needed, but given the high turnover in local government staff, any new skills acquired by the technical teams may quickly be lost.

To some extent, this problem might be ameliorated by including local consultants in training programs. Once they prove themselves competent in producing the outputs, they may become a more sustainable source of technical expertise. Needless to say, the simpler the outputs, the better the chance they will be produced.

#### **b. Application of PDPP**

**Selection criteria.** Under CLEAN Urban, the PDPP was applied in nine locations, eight of them in East Java, plus Depok in West Java. Initially, locations were selected by CLEAN Urban staff based on two main criteria, which were both appropriate enough: a willingness by local government to commit resources, and a strong interest in community participation. In the event, government staff in Malang welcomed the technical assistance, but apparently resisted the notion of community participation, and the city was eventually dropped for lack of progress.

At the instigation of USAID, Depok was chosen for other reasons. As a newly established local authority in 1999, it presented an opportunity to work with a new administration from the start. Also, being close to Jakarta, it was more accessible as a demonstration site for visitors with limited time. However, since it was the only location outside East Java, it required a whole new team absorbing a disproportionate amount of resources.

Under PERFORM, local governments in selected provinces are being invited to apply to participate in the program each year, and applicants are required to submit evidence of serious intent. The initial response has been much higher than expected, some 68 local governments in all. Staff together with counterparts at MOHA / BANGDA then assess and select applicants according to earlier criteria. Participants are to be evaluated each year, with the possibility of being dropped for poor performance. It is still too early to

say, but this formula would appear to promise greater prospects for sustainability in the future.

**Response to PDPP.** Based on observations in the field, we found most people had difficulty distinguishing between PDPP and CLEAN Urban activities in general. The two were considered largely synonymous.

Most commentators agree that PDPP's main contribution has been in helping to change "mind sets", to legitimate and facilitate citizen participation in the planning process, and to articulate citizen demands. Local legislators and government staff regard one of the main benefits of PDPP as better information on views from the grass roots, which is achieved through the systematic recording of the results of community needs assessments.

We found greatest enthusiasm among citizens (as represented by members of NGOs, community organizations and city forums), who credited CLEAN Urban as a catalyst in mobilizing communities and encouraging them to voice their needs and concerns. The level of interest expressed by government staff varied, most seemed somewhat passive, but one or two mentioned that CLEAN Urban helped to reinforce their own efforts to promote participation. Among legislators, some were totally ignorant of the CLEAN Urban project, others demonstrated active interest and support for the PDPP approach.

**Participation in practice.** The report on benchmarks for year 3 indicates a high level of achievement in most aspects related to PDPP. All 9 participating local governments committed resources needed, went through the motions, and produced PDPPs, at least in draft form. In 5 cities, some 25% of short listed projects originated from community proposals and were under consideration for inclusion in development budgets for FY 2001. We did not attempt to confirm what proportion have actually been funded and implemented.

Government staff report that this year for the first time, members of the DPRD are playing a far more active role in reviewing budget proposals prepared by BAPPEDAs and submitted by city mayors. Since the process was still under way at the time we made our visits, we are unable to report what changes were made after proposed budgets reached the DPRD. It will be interesting to find out how well community proposals survived.

The local residents that we interviewed conveyed a patchy and tenuous record of effective participation in the planning process. Informants confirmed that CNAs were conducted in most communities, and that this information was passed on for review and discussion at the village and kecamatan levels, and eventually to the Technical Teams at the city level.

The degree of community participation in discussions at each level seems to have varied widely from a lot to little or none. Almost without exception, members of city forums reported they were only marginally involved in the discussions and work of the task forces assigned to complete PDPP documents. And this was confined largely to receiving information rather than introducing new ideas or actively debating priorities and options.

We also note a marked disparity between the issues that concern residents and the proposals included in PDPP plans. If our limited sample is anything to go by, community meetings tend to be preoccupied with immediate problems such as floods, landslides, garbage, crime, drug use, and kids dropping out of school. But plans and budgets emphasize street improvements, drinking water, sanitation, and other forms of physical infrastructure.

This is no great surprise. Infrastructure is familiar territory, easy to describe in proposals and to incorporate in budgets. Concrete actions to address “fuzzy” problems are much harder to formulate, require skilled professionals, and are better addressed at the macro level as components of a strategic plan.

**Scope and use of strategic plans.** Under CLEAN Urban, final versions of PDPP strategic plans were produced for 4 (perhaps 5) of the 9 local governments involved. Those we saw were all produced by CLEAN Urban staff, and dated January 2001, which is two months after local government budgets were prepared for FY 2001. The major part of these plans is devoted to proposals generated through the CNAs. Larger issues that one might expect to find in strategic plans receive scant attention. From our interviews in the field, it also appears that substantive citizen inputs into major strategic planning issues (as opposed to micro level concerns) have been negligible.

We believe this is largely due to two weaknesses in the PDPP design, which were mentioned earlier. City forums aren’t structured in a way that enables them to generate useful inputs into discussions on strategic issues. While the participatory methods used by PDPP have been highly effective in generating proposals from the bottom (micro level), it appears to have been largely ineffective in contributing ideas on strategic concerns from the top (macro level).

A case in point is the almost complete lack of attention to economic development or environmental management. This is partly because up until now PDPP has provided little guidance on these topics. The CLIN2 component managed by CARE and the Padat Karya component included income-generating activities, but these did not address larger policy or strategic dimensions.

Currently, the chief users of PDPP outputs are local government planners and to a lesser extent local legislators. So far, it seems that PDPP outputs have not been used by any donor agencies such as the World Bank or the ADB, though that may happen later.

### **c. Sustainability**

The benchmark report for Year 3 considers there are good prospects that local governments participating in CLEAN Urban will continue using the PDPP approach. It points out that training materials are widely available, large numbers of people have been trained in the approach, and all nine local governments had apparently made budget allocations in FY 2001 for “rolling-over” the PDPP, or updating it through a second cycle.

Based on what we saw and heard, it seems most locations are continuing some kind of activity started under CLEAN Urban, but few are likely to carry through the entire PDPP cycle all the way. The most sustainable element of CLEAN Urban appears to be the work of the facilitators trained under the project, many of whom are linked to local

NGOs. In many cases, they continue to organize community meetings, and to press for community priorities at the level of the neighborhood (desa or kelurahan), sub-district (kecamatan) and city (kota or kabupaten). They are well represented on city forums, and in Kediri they have set up their own association. In Probolinggo, the local government rehired facilitators in 2001 after their contract expired with CLEAN Urban.

Another element that might well continue are the city forums. The one in Depok seems to be dormant, but those in Malang, Kediri and Probolinggo were all involved in some kind of activity. The Kediri forum has been called on to serve as an arbitrator in contentious issues such as introducing metered taxis, and new bus routes. The Malang forum has formed six committees for various topics, and is currently managing a small program on behalf of the local government Department of Health. It also has its own office, with equipment purchased through a grant from CLEAN Urban, and premises provided by courtesy of the Department of Trade and Industry.

#### City Forum as a mediator

In Kediri, when the local government decided to introduce metered taxis, the idea was rejected by other public transportation "associations" (e.g. bus and "angkot" drivers). The FKPKK (Forum Komunikasi Pembangunan Kota Kediri) stepped in to mediate the dispute between the local government (who had already issued the license to the taxi company) and the bus / angkot drivers. The mediation was successful, as all the parties concerned understood that due to lack of information disseminated to the public, the suspicion that the new public transportation means would overlap what is already existing was groundless. Taxis and buses are targeting different socio-economic groups in the community, therefore there should be no cause for concern for the bus / angkot drivers.

Evidence suggests that the notion of community participation in the planning process will also endure. Local residents will demand it. A core of planners and legislators are convinced enough to support it. The reports documenting the results of CNAs continue to serve as a reference and source of information.

However, prospects for completing further cycles of the PDPP do not look promising at present. Only five locations completed the cycle the first time round before CLEAN Urban ended and technical assistance was withdrawn. Project staff never had the opportunity to repeat the cycle in any of the nine locations. Those that received training for PDPP are constantly at risk of being moved to other positions. In Depok, an initial budget allocation for continuing the PDPP technical team has been deleted, due to lack of funds. Only in Kediri did we find updated PDPP reports for 2001, and these were prepared by independent consultants.

#### PDPP Roll-over

In Probolinggo, the Technical Team at Bappeda (Kota/Kabupaten level) contracted an NGO to carry out the CNA and produce the PDPP roll-over documents for 2001. The first time round, this was done by the communities, assisted by the CLEAN Urban Team. For 2001, the local government allocated funds for this purpose. The NGO was initially trained by the CLEAN Urban Team and managed to utilize the skills acquired to prepare roll-over plans for the Technical Team.

As best we can determine, all the final reports for PDPP that have been produced so far have been done by outsiders, either CLEAN Urban staff or consultants. In Probolinggo,

the BAPPEDA chief complained of the duplication of effort in producing both PDPP reports and local development plans required under Law 25 of 2000 (see next section).

#### d. Replication

There is little doubt that many local governments are ready and willing to adopt the concept of community participation in the planning process as advocated by CLEAN Urban and PERFORM. This is evident from the large number of applicants wishing to join the PERFORM project.

More problematic is the expectation that local governments will be willing or able to produce the documents prescribed by PDPP as it currently stands. This depends on two key factors. One is the outcome of current discussions on requirements for local government development plans. The other is the technical capacity of local governments to produce the plans envisaged under PDPP.

**Requirements.** Under Law 25 of 2000 addressed to national development, local governments are required to produce local development plans. BAPPENAS is charged with producing government regulations for this purpose, and are receiving advice from the GTZ SfDM project. Successive drafts of these regulations, known as SP3N (*Sistem Perencanaan dan Pengendalian Pembangunan Nasional* or *National Development Planning and Control System*) have been under review for some time, but have still not been issued formally, though we don't know why.

Generally speaking, these drafts are not so different from the previous system which was used for years under the Suharto regime, but they take account of the passage of Laws 22 and 25, and place greater emphasis on local decision making and citizen participation in the process. In anticipation of these new regulations, most local governments continue to produce development plans similar to previous practice.

Meanwhile, MOHA / BANGDA has issued two Circular Letters to local governments on the subject of development plans. These have the status of advisory notices, and local governments are not required to follow them. The first one, issued in June 2000 with guidance from CLEAN Urban staff, "authorized" the use of PDPP in preparing development plans. (Ref: *General Guidelines for the Basic Urban Development Program* (No. 650/989/IV/BANGDA, 5 June 2000.) Subsequently, this was superseded in mid 2001 by another Circular Letter, which mentioned PDPP only in passing as a "reference point", and provided detailed guidelines on what local governments should prepare, right down to the table of contents.

What is not known at this point is how far any formal regulations will go in stipulating the contents of local government development plans, and the procedures for producing them. The current emphasis on decentralization and local decision making suggests more, rather than less, will be left to the discretion of local governments, though there may be some requirements designed to strengthen citizen participation in the process.

If this is the case, the impact on PDPP could be both negative and positive. Some authorities may just ignore PDPP, while others would have the opportunity to apply PDPP if they chose to do so.

**Technical capacity.** The other key factor is local technical capacity to prepare PDPP components. A simplified comparison between the contents of plans prepared under

current practice and those prescribed under a typical PDPP is shown in the table below. While they are similar in some respects, PDPP is more elaborate and includes several additional elements that are probably unfamiliar to most local government staff and their consultants.

All the evidence so far suggests strongly that if local governments intend to adopt the PDPP format, they will need substantial technical support in order to do so. The scope for replication then becomes a matter of how many locations PERFORM can support, either directly with its own team, or indirectly through clone teams trained by PERFORM.

We should note that, as with any planning methodology, PDPP will need to be adapted to each location where it is being applied. CNAs will be even less cost-effective for dispersed populations spread over a large area. The elaborate outputs will be even harder for local governments to produce in places with limited professional capacity.

Current practice	PDPP
Poldas – a general statement of development issues	
Renstra – strategic plan (non-sectoral)	Urban Development Strategy (by sectors)
Propenas – annual development plan	Investment program
	Institutional management action plan
	Financial management action plan

## 2. Policy assistance to central government on administrative and fiscal decentralization

The scope of work for this evaluation required us to look at four aspects of the policy assistance provided by CLEAN Urban. These include: needs and priorities for technical assistance; the effectiveness of the assistance provided; consistency with USAID's own objectives; and further needs that might be required.

CLEAN Urban provided policy assistance to four central government ministries. Throughout the duration of the project, advisors were attached to the Ministry of Home Affairs (MoHA) and the Ministry of Finance (MoF). For the first two years, until early 2000, CLEAN Urban also supported the National Development Planning Agency (Bappenas). During its brief existence of barely one year in 1999, several team members at MOHA were transferred to the State Ministry of Regional Autonomy, set up under the Habibie administration, until it was merged with MOHA at the end of that year.

Following earlier practice with the two MFP projects and PURSE, the GoI and USAID determined that the appropriate executing agency for CLEAN Urban should be the

Ministry of Finance. In part, this was because CLEAN Urban was originally intended to continue work started under those earlier projects.

As CLEAN Urban evolved, an increasing share of project personnel were devoted to MOHA, particularly after the CLIN1 component was refocused to provide field support to a number of locations in East Java and later Depok in West Java. During our interviews with officials at MOHA, they expressed the view that it would have been better to have appointed that Ministry as the national executing agency for CLEAN Urban, rather than the MoF, since most of the work was done there.

**a. Needs and priorities for technical assistance**

The strongest feature of CLEAN Urban policy assistance to central government has been flexibility in responding to government priorities during a time of unprecedented change. The original goal under CLIN3 was to focus on policies and procedures that facilitate full and effective use at the local level of alternative methods of financing infrastructure projects. But in the contract between USAID and RTI, under the discussion of performance indicators related to CLIN3, it was stated that USAID and GOI would agree each year on which policies should receive priority attention. This left the door conveniently wide open to make regular adjustments to CLEAN Urban's agenda for policy assistance.

For a short while at the beginning, CLEAN Urban's adviser at Bappenas did in fact work on the original topic, looking at central government allocations for local government development expenditures. But as indicated earlier in this report, priorities quickly began to change.

In most major respects, the policy issues that CLEAN Urban advisors subsequently spent most time working on were seen as priorities both by GOI and USAID. In response to the economic crisis, the focus shifted early on to employment creation. At Bappenas, this involved coordinating the Padat Karya elements of the Social Safety Net program (SSN), and assisting the government in negotiations with the World Bank over the conditions of a loan to support the SSN. This work was crucial in obtaining funds for CLEAN Urban's own Padat Karya component, although in the event they arrived late in the day. (See section C.3 below.)

Despite prodding from USAID, CLEAN Urban advisors reportedly had little to do with the preparation of Laws 22 and 25 on administrative and fiscal decentralization. The reasons remain unclear. But once the laws were passed in May 1999, the great bulk of policy assistance at both MOF and MOHA shifted over to the massive job of drafting and disseminating regulations and ministerial decrees for implementing the legislation.

Advisors assisted with a wide range of topics, such as resolving ambiguities in the definition of central and local functions, guidance on organizational structures, and reform of local government financial and management systems. At MOHA, CLEAN Urban staff collaborated with the GTZ SfDM team to conduct an assessment of local government capacity building needs and prepare a framework for donor coordination. (See section C.4 below.) Advisors also helped with preparations to establish three independent associations of local governments, which have since been formed – one for provinces (APPSI), another for cities (APEKSI), and a third for districts (APKASI).

The one major area where we detected a difference of opinion between USAID and GOI on policy priorities is, ironically, in medium term investment planning for local governments. USAID (and the contractor) pushed this element hard during the latter part of CLEAN Urban, and it has since emerged as one of the two key pillars of the PERFORM project. Yet, our interviews with senior officials at MOHA indicated they regarded this issue as secondary in importance to more pressing matters related to drafting and socializing regulations and ministerial decrees urgently needed for implementation of Laws 22 and 25. In their view, regulations and decrees are needed first, before guidelines such as PDPP, which can follow later.

From a different standpoint, we also question why USAID continues to place emphasis on preparing medium term investment plans. At the start of CLEAN Urban, it was recognized that preparing financing packages under CLIN1 was almost irrelevant since funds were no longer available. Today, the situation is not much different.

This relates to another concern we heard. Commentators noted a mismatch in CLEAN Urban between the focus of policy assistance in Jakarta, and the work that was done in the field. The same mismatch is starkly reflected in the two key objectives stated in the scope of work for PERFORM. Paraphrased, these are to:

- establish a policy environment that enables the development of decentralized, participatory and effective local government.
- develop local government capacity to prepare medium-term investment plans in a participatory manner.

Given that PERFORM grew out of CLEAN Urban, it is easy to see where these objectives come from. But apart from the participation theme, the second goal does not appear to relate much to the first one. We did not look closely at current field activities under PERFORM, but it seems there is little explicit attempt to strengthen the capacity of local governments to undertake their newly expanded responsibilities under decentralization. PDPP outputs include plans for institutional and financial management, which implicitly address these issues. But past experience suggests local governments have trouble producing these plans, and we heard no mention of efforts to assist them in implementing them.

In response to demands from their client ministries, CLEAN Urban advisors also assisted with several urgent issues that had not been anticipated. After being transferred to the State Ministry of Local Autonomy, they worked on plans for the transfer of staff from local offices of central government ministries (KANWILs and KANDEPs) to local government. At MOHA, much time was spent on the subsequent merger with the State Ministry of Regional Autonomy, and advisors also helped with the allocation of central government grants (DAU), which MOF regarded as their responsibility. While some of these tasks may not have been at the top of USAID's agenda at the time, they were clearly important and urgent for the ministries concerned.

#### **b. Effectiveness**

The benchmark report for year 3 indicates an impressive number of accomplishments in terms of laws, regulations and other items passed, issued or adopted in the course of implementing policies for administrative and fiscal decentralization. The extent to which

CLEAN Urban advisors influenced thinking or the form and content of these measures is hard to determine precisely, since the process of formulating policies is itself so imprecise. The manner in which decisions are made is often unclear; the cast of characteristics involved is large and constantly changing; and there is an understandable reluctance to rely too heavily on expatriate advisers.

A more tangible measure of the advisors' effectiveness comes from those we interviewed. Without exception, all senior informants at Bappenas, MOHA and MOF expressed strong satisfaction with the support they received. MOHA found CLEAN Urban advisors useful as a source of neutral advice in arguments between their own departments and with other ministries. The Secretary General there would prefer to have advisors attached to her office, rather than the Echelon II level. Bappenas valued the authority of expatriate opinion in dealing with the World Bank. Perhaps the comment from MOF sums things up: "I don't know what to say except positive things".

Although we learned that the situation may have been different at the start, we conclude that during the latter part of the project CLEAN Urban policy advisers have been highly effective in providing policy assistance to GOI. The same holds true for the current team under PERFORM. They appear to have achieved this by adapting well to the Indonesian way of doing things, relying less on formal academic position papers, and more on iterative interaction with national counterparts in the gradual process of evolving a consensus on decisions to be made.

A contributing factor has been the placement of CLEAN Urban advisors in key departments of Ministries involved in decentralization policy. This provides a valuable alternative channel of communication for the exchange of ideas and information among the parties concerned.

The policy assistance might have been even more effective if the team had included a legislative analyst to help in drafting the many laws, regulations and decrees involved. This would have helped to identify potential inconsistencies and ambiguities that needed to be resolved.

While CLEAN Urban contributed much to policy guidance related to local government enterprises (BUMDs), particularly water boards (PDAMs), the project appears to have been less effective in providing technical assistance to local governments on corporate planning and in achieving significant reforms. Given that PERFORM staff in MOHA / OTDA continue to devote an estimated 25% of their time to this task, and given that another USAID project (LGWSS) is providing similar technical assistance in the field, we question whether this use of resources is cost-effective.

Among donor programs, CLEAN Urban, along with the GTZ SfDM team, clearly established themselves as the two most important and effective contributions to Indonesia's decentralization initiatives.

### **c. Consistency with USAID objectives**

In essence, CLEAN Urban policy support was designed to help GOI create an appropriate legal and policy environment to enable local governments to improve the delivery of services and to respond to community needs.

For the most part, the technical assistance provided by CLEAN Urban policy advisers has been consistent with USAID's own objectives for decentralization. We understand there may have been differences of opinion early on, but this ceased after the departure of the individuals concerned. Since then, especially during the third and final year, CLEAN Urban advisers and USAID staff have been communicating regularly with each other. Like the advisers and GOI, USAID's own thinking has constantly evolved over time as circumstances have changed.

A consistent feature of CLEAN Urban policy guidance has been an emphasis on local government autonomy, principles of good governance, and citizen participation. An example of this is government regulation (Peraturan Pemerintah) 105 / 2000 on *Regional Government Financial Management and Accountability for Decentralized Tasks*. This regulation introduces important new principles such as performance-oriented budgeting and real accountability by the local government executive branch to the DPRD regarding financial management and budgeting.

#### **d. Further assistance**

Informants mentioned numerous areas where further assistance is needed both in MOF and MOHA, as well as Bappenas, which continues to be closely involved in many issues related to administrative and fiscal decentralization.

Among the areas mentioned often and discussed in some detail are:

- Collaboration with Bappenas, MOHA / BANGDA and GTZ in drafting Government Regulations related to Law 25 / 2000 for local government development planning, including the preparation of strategic plans (Renstra) and investment plans (Propeda), which are closely related in intent to PDPP
- Assistance to MOF / Lembaga Keuangan in restructuring lending mechanisms for local government
- Support to MOHA / OTDA on Ministerial Decrees (KEPMEN) related to Government Regulation No. 105 / 2001 having to do with performance budgeting
- Decrees related to regulations 65 and 66 / 2001 to do with *Local Budget Formulation Process* and *Adoption of Accounting Systems for Local Government Finance*, and
- Service standards, required under Law 22, which involves both MOHA and KimPresWil (public works department).

Other issues mentioned by those we interviewed include:

- Property taxes involving MOF / DirGen Pajak (Tax)
- Transfers of revenues derived from natural resources, MOF / BKPD (Local government Finance Board)
- Preparing inputs for DPOD (Dewan Penembangan Otonomi Daerah or Regional Autonomy Advisory Board).
- Policy guidance to MOHA / OTDA on criteria for evaluating local government proposals for the introduction of new local taxes and fees

- Fine tuning Law 22 on the allocation of functions and responsibilities between local governments, particularly districts and provinces.
- Regulations, guidelines and training for public-private partnerships involved in the provision of local government services
- Discussions on who should allocate funds among districts – center or province?
- Local government loans

Due to time constraints, we had little opportunity to investigate these matters in detail, except for the first item related to PDPP, which is discussed elsewhere in this report.

### **3. The impact and effectiveness of the Padat Karya program**

In response to the economic crisis of 1997 / 98, the USAID Mission launched several initiatives to address the problem. One of these was the Padat Karya component of CLEAN Urban, which was added to the program early in 1999. This was designed to generate community driven proposals for labor intensive infrastructure works and small scale economic activities for the poor and unemployed.

Field implementation started in four cities in East Java where CLEAN Urban was already active, and eventually expanded by the end of 1999 to cover 14 cities and districts in both East and West Java.

In evaluating this component, we were asked to weigh the impact and effectiveness of the program both at the national and local level, and to assess the value added through USAID support. In doing so, we look at four aspects: support to Bappenas; implementation and monitoring; the methods used; and the rationale for the whole exercise.

#### **a. Support to Bappenas**

The Padat Karya component of CLEAN Urban provided no funds itself to implement proposals. The main purpose was to generate proposals which would be funded by GOI Padat Karya projects under the Social Safety Net program, including PDM-DKE, PKDMK, Cipta Karya and Bina Marga. Initially, these were financed using existing resources, but it was intended that they would receive substantial additional funding through a supplementary loan from the World Bank for central government budget support and from the ADB. The World Bank loan was to be issued in two equal tranches of \$300 million, the first of which had been approved in 1998. However, the World Bank postponed disbursement of the loan, after receiving reports of widespread corruption and misuse of SSN funds, and demanded that several corrective measures be put in place before the loan could be disbursed.

As mentioned before, the CLEAN Urban team at Bappenas played a crucial role in negotiations with the World Bank and in designing the corrective measures. Among other things, this included better targeting of funds to priority areas, setting up city forums in each location to monitor the use of Padat Karya funds, and forming a *Unit Pengaduan Masyarakat JPS/UPM-JPS* (Complaint Resolution Unit) for SSN programs. Largely due to their efforts, the World Bank eventually released the funds in January 2000, but it took another six months before these funds reached the field.

According to those involved, the World Bank's demands and expectations for a system of controlling and monitoring the use of funds were unrealistic, given the situation in Indonesia at the time. Local government staff simply didn't have the capacity or experience to operate the kind of sophisticated system the World Bank had in mind. Although the measures did help to reduce misuse, there were many weaknesses in implementation.

### **b. Implementation and monitoring**

Although the lengthy delay in the disbursement of World Bank funds greatly undermined the ultimate objective of the CLEAN Urban Padat Karya component to create jobs quickly, Padat Karya did succeed in other respects. When the SSN program started in 1998, the lack of up to date and accurate data made it difficult to determine how the economic crisis was affecting people. Padat Karya helped to fill this gap, by collecting information through its assessments of community needs, and monitoring household incomes in the cities and districts where it operated.

Benchmark reports also indicate that Padat Karya generated some 3,500 proposals for labor-intensive infrastructure projects, using participatory methods similar to those employed by CARE under CLIN2. And despite the lack of funding for these projects, Padat Karya worked effectively with a large number of neighborhood financial institutions (LKKs), in recovering loans made earlier under other SSN programs, and recycling these funds for micro enterprises and a variety of other small scale economic activities.

#### **CLEAN Urban assistance to micro-enterprises**

At one of our meetings in Depok, two women arrived to say thank you to the CLEAN Urban "crew". One of them came bearing gifts of "dodol", snacks made of glutinous rice and brown sugar. The women had earlier received training from CLEAN Urban which aimed at improving the capabilities of small and micro enterprises. The women reported that the training had helped them to improve the quality of their products and to manage their finances better.

Everybody wants an answer to the big question: how many of the Padat Karya proposals were eventually implemented, and how many jobs were created? Unfortunately, we found it impossible to answer this question, and it looks like it can't be answered without laborious research, even for individual communities. Since the term "Padat Karya" was used by several other programs at the time, respondents had difficulty identifying specific proposals prepared under CLEAN Urban.

A more serious problem is that the system for monitoring the implementation of proposals was ineffective. CLEAN Urban did not attempt to monitor implementation itself, and could not have done so anyway, since funds only started flowing at the time the Padat Karya component was closing down.

Under the corrective measures agreed with the World Bank, responsibility for monitoring was assigned to city forums, known as Forum Lintas Pelaku (FLP). But the funds allocated by Bappenas through the Social Safety Net program for this purpose were inadequate for any but the smallest city, only Rp 24 million (about \$3000) regardless of the size of population. Some NGOs and CBOs attempted to collect this information on

behalf of FLPs, but it is far from complete. Monitoring reports were supposed to be deposited with BAPPEDAs, but it seems they received very few.

The staffer responsible for the Padat Karya component has the impression that few proposals were ever implemented, due mainly to lack of funding. Even though the World Bank loan was eventually disbursed, it is unclear how much of this was actually used for the SSN program, and for Padat Karya sub-programs in particular.

### **c. Methods used**

The Padat Karya component of CLEAN Urban basically did three things: generate proposals for employment and income generating activities, monitor household incomes, and assist LKKs in operating revolving funds for small scale economic activities.

To generate proposals, it followed the practice of CARE under CLIN2 and conducted community needs assessments. We have already expressed our reservations about CNAs, but we also question whether this is the best way to generate effective ideas for creating employment. Experience from elsewhere suggests that community members find it difficult to come up with sound ideas for economic activities, partly because they are more complicated to design and organize.

However, two features of the Padat Karya component merit further attention for possible use in other programs. One is the system for monitoring changes in household incomes, the other is the success in recovering loans issued under the SSN program and operating revolving funds.

### **d. Rationale**

Given the circumstances and available information at the time, most people including ourselves would probably have gone along with the arguments for launching the Padat Karya component.

However, with the huge advantage of hindsight, the reasoning behind the Padat Karya component appears to have been seriously flawed. The basic premise that the economic crisis was leading to a widespread increase in poverty turned out to be greatly exaggerated. The first locations selected for Padat Karya were not those most seriously affected, and the assumption that proposals would be promptly funded from other sources proved horribly wrong. By the time the funds arrived late, the worst effects of the crisis on the poor and unemployed had already abated.

In the event, many people who lost their city jobs went back to rural areas, which suffered less and in many cases even prospered from the falling value of the rupiah against the dollar. Others found a way to earn at least a subsistence income in the informal sector, which also proved remarkably resilient. These two options together generated far more employment than Padat Karya programs would ever have done, much more quickly, at a considerably lower cost, and without depending on government intervention.

## **4. Coordination with other decentralization-related activities**

The evaluation team was also asked to review coordination between CLEAN Urban and other activities related to decentralization. Here, we look at five aspects of coordination:

within CLEAN Urban itself, with other USAID programs, with other donor programs, within GOI, and at the local level in locations where the project was active.

**a. Within CLEAN Urban**

Within CLEAN Urban itself, it has already been reported that coordination between different components was initially poor, especially in the field. One reason for this appears to be because the prime contractor decided to sub-contract other entities to carry out CLIN1 (strategic planning) and CLIN2 (community based activities), and they pretty much went their own ways. Things got worse after adding the Padat Karya component in 1999. At that time, CLEAN Urban had three components all concerned with some form of participatory planning, but each operating more or less independently.

Coordination began to improve after the sub-contract for CLIN1 was terminated mid 1999, and the prime contractor took over responsibility. At about the same time, an East Java Coordinating Group was set up comprising those in charge of the three components and the CLEAN Urban Chief of Party. Later the situation eased, as the CLIN2 and Padat Karya components were wrapped up at the end of 2000.

This state of affairs was confirmed in interviews we held with those who had been involved in field activities. It was evident that further down the organizational hierarchy, coordination weakened and the links between components became disjointed. In all the sites we visited, facilitators exhibited a low awareness of the linkages between their activities and other tasks within the project.

Even today, under PERFORM, the initial organizational structure of CLEAN Urban continues to exert a residual influence on field activities. The methods adopted under CLIN2 to strengthen stakeholder participation at the grass roots level are still being used, even though they may not be the most appropriate for the purpose of preparing strategic plans. (See section C.1.a above.)

**b. USAID programs**

Coordination among USAID programs has been much affected by the adoption of a new Mission development strategy and the redefinition of strategic objectives. When it started, CLEAN Urban was intended to achieve USAID's strategic objective for urban environmental management. In response to recent events in Indonesia, this was replaced with the new strategic objective of "Decentralized and Participatory Local Government".

Along with the change in objectives, USAID reorganized its offices, setting up the Office for Decentralized Local Government (DLG) sometime in 1999. Since then DLG, along with other offices, has been engaged in the task of reshaping ongoing programs like CLEAN Urban to conform to new objectives, and designing new ones like PERFORM. Since projects often have life spans of two or three years or more, it may take a while to develop a coherent and coordinated set of projects.

At least within DLG, the overall design is becoming apparent on the ground. As we understand it, PERFORM is the primary source of policy assistance to GOI on decentralization, while other programs like BIGG (Building Institutions for Good Governance), LGWSS (Local government Water Supply Services), and PERFORM itself through PDP, provide technical assistance in the field to selected local governments.

Based on what we heard, coordination between USAID staff and the CLEAN Urban team started out weak, but improved greatly as the project matured, especially in the latter stages, after new people took over from those who left. Today, under PERFORM, the two sides interact frequently, and communication is excellent. Since this is essential for successful implementation of any project, those involved deserve great credit.

In Jakarta, communication between CLEAN Urban (now PERFORM) and other USAID projects varies, depending largely on the individuals concerned. There appears to be regular interaction with the BIGG project, which supports municipal autonomy and fiscal accountability. In part, this is because the Chief of Party at BIGG previously headed the Padat Karya component of CLEAN Urban, and therefore knows most of the current members of the PERFORM team. We heard frequent mention of the LGWSS project, but communication seem to be limited to occasional meetings involving team members assigned to MOHA / OTDA, who handle policy matters related to water boards and other municipal corporations. Other USAID programs were hardly mentioned.

At the field level too, we heard little about coordination with other USAID programs. They overlap in very few locations, support staff are based in different places, and few of them appear to know much about each other's activities.

### **c. Donor programs**

Donors like to preach coordination, but it is difficult to accomplish. At the national level, this is officially supposed to be achieved through annual meetings of the CGI (Consultative Group on Indonesia), but there is often a gap between what is promised and what gets delivered. To the extent that coordination happens at all, it is usually in a negative sense of trying to avoid duplication and stepping on each other's toes. Projects are intentionally designed to address different issues, different clientele, or different locations, which is all to the good. But coordination in the positive sense of working together on the same objective is rare. Each donor has its own priorities, objectives, funding schedules, and comparative advantage in resources and skills, not to mention ways of looking at things. It was no surprise then to find that with one exception CLEAN Urban had little direct involvement with other donor projects.

The one exception, and a rare example of highly effective collaboration, was CLEAN Urban's work with the GTZ SfDM project. Together, in 1999, they undertook a study assessing capacity building needs to prepare local governments for decentralization. Later they produced a general framework for implementing a national program of capacity building, and collaboration still continues under PERFORM.

These documents have been widely circulated, and the recommendations have been accepted by GOI. Many donors are using them as the basis for planning their own activities, and the framework is already proving to be an effective instrument for donor coordination at the national level in this area. Partly because of this work, and a long track record of earlier work, we found that USAID and GTZ are generally recognized as the leading donors involved in decentralization in Indonesia today.

At the field level, we also found little evidence of formal coordination between CLEAN Urban and other donor projects. This was a complaint we heard in Probolinggo, where

CLEAN Urban and UNDP's BUILD project (see below) both started in 1998, both designed to promote community participation, though in different ways.

This may be lamentable, but again we do not find it surprising. Each project has its own objectives, priorities, clientele, budgets and workplans, which are largely determined by national offices. Field staff have limited leeway to make adjustments and are usually more preoccupied with implementing their own agendas than trying to work with others. On the other hand, where projects overlapped in the same locations at the grass roots level, we found that facilitators were often able to achieve a measure of informal coordination by working together among themselves.

Looking to the future, several donors have projects ongoing or in the pipeline that might offer opportunities for collaboration, and we understand that USAID DLG is already in touch with most of those concerned. One that relates closely to PDPP is the City Development Strategy (CDS), currently being prepared by the World Bank and UNCHS / UNDP. Like PDPP, it is designed to involve the community in strategic planning, even the proposed content of plans is similar, though the methods and procedures used to produce these plans is likely to be different. Compared with PDPP, CDS places more emphasis on poverty alleviation and service delivery. A complementary project will address mechanisms for funding local government investment, and the feasibility of a Municipal Loan Fund.

Through its Dutch Trust Fund, the World Bank is also undertaking a study on decentralization projects to assist GOI in efforts to improve financial information systems. Their counterparts are MOHA and MOF.

Another project that shares similar goals with PDPP, is BUILD funded by UNDP, that currently works in nine cities, including Probolinggo. This focuses less on planning *per se*, more on changing mind sets, getting local governments to recognize the importance of involving citizens in all aspects of urban management, and learning to communicate better with them. It stresses transparency, accountability and access to information, and in most cities has led to the formation of city forums.

ADB is planning a big loan program designed to enhance the capacity of local governments. Unlike other programs covering line agency staff and members of local assemblies (DPRDs), this one will focus on the offices of the Governor, Mayor and Bupati. Elements include policy, needs assessment for capacity building, and training.

Other relevant donor programs include AusAid (for decentralization), CIDA (for governance, decentralization, local autonomy, and education), and UNDP's Partnership for Governance.

While these donor projects and programs are all concerned in some fashion with decentralization, we consider it highly unlikely that any of them would be interested in adopting or replicating the PDPP approach *per se*. Past experience indicates that while donors are always keen to develop models and prototypes for others to follow, they are much less eager themselves to follow models already developed by others.

#### **d. Within GOI**

Smooth coordination at the national level amongst relevant GOI ministries remains a challenge, where communication from the field as well as from relevant offices within

the various ministries at best appeared to be carried out in an ad-hoc manner. Part of this is due to difficulties in arranging coordination meetings where all key individuals could be present. This was especially true for the CLEAN Urban Steering Committee, which we understand met rarely during the life of the project, although the Technical Committee composed of echelon II and III staff met regularly, and even conducted their own periodic evaluations of the project.

The past two or three years also witnessed frequent changes in the roles and functions of institutions at the central level, such as Bappenas, MoHA, MoF and particularly SMRA, which came and went in the course of one short year. From our interviews, it appears that the redefinition and repositioning of these institutions involved turf struggles and attempts to maintain or regain traditional roles. Under decentralization, Bangda for example is faced with the prospect of becoming a facilitator rather than a service provider of regional projects.

**e. At the local level**

Coordination at the local level depended chiefly on government staff and facilitators, who are often members of NGOs or CBOs. Members of CLEAN Urban field teams were also involved, of course, but mainly in providing technical assistance. Since they were not resident in each location, their role as coordinators was secondary.

At the city or district level, local governments set up technical teams to coordinate CLEAN Urban planning activities, comprised of staff from BAPPEDA and other line agencies concerned. But as was the case at the national level, several major changes took place in the organizational structure of local governments, particularly as they absorbed the transfer of staff from local offices of central government departments. This entailed changes in the membership of the technical teams, as well as in the local government departments involved in CLEAN Urban.

Although this undermines continuity, and dissipates capacity building efforts, the rotation of staff does offer one potential advantage. The assignment of an official from one project to another helps to transfer knowledge and information, and this may help coordination between the two.

At the community level, responsibility for coordination under CLEAN Urban was assigned either to NGOs or to facilitators. By the time the project ended, the three components combined had trained an impressive number of facilitators, perhaps as many as any other USAID project in Indonesia. Once funding ended, many of these no doubt stopped working, but most of those we met were still involved with communities in one activity or another and conveyed the impression of being committed to the tasks they had learned from the project.

Interaction between government staff at the city level and facilitators at the community level seems to have varied widely, depending largely on the degree of interest and motivation among the individuals involved. We heard reports both bad and good.

## **5. Management of the CLEAN-Urban project**

In terms of management, the scope of work for this evaluation emphasized issues related to the overall effectiveness and impact of the project. We group these under

four headings: form of the CLEAN Urban contract; USAID management issues; contractor management issues; monitoring and evaluation.

As mentioned earlier, the events of 1997 and later called for considerable changes to be made to the original scope of work for CLEAN Urban. Both USAID and the contractor deserve great credit for collaborating effectively in adjusting the project successfully to new circumstances.

**a. Form of contract**

At the time CLEAN Urban was tendered, USAID was encouraging the use of Performance Based Contracting (PBC) using cost-plus-award-fee (CPAF) contracts, and this was the form adopted in recruiting the contractor for this project. To assess performance, CPAF contracts require benchmarks to be set each year, and for CLEAN Urban these were related to the four CLINs stated in section B.2 above.

The use of CPAF contracts and benchmarks has a number of advantages and disadvantages which were vividly demonstrated in CLEAN Urban. One advantage is that it does away with the need for USAID and the contractor to agree on detailed periodic workplans, since it is up to the contractor to determine how to achieve the benchmarks. Another advantage is that benchmarks can be used to focus attention on outputs rather than inputs, as was often the case in the past. This proved to be enormously useful in the case of CLEAN Urban, since USAID and the contractor were largely able to accommodate changes in the scope of work required to meet new circumstances through the creative specification of annual benchmarks.

A disadvantage of CPAF contracts is that they are costly to implement and absorb resources that might be put to better use. In CLEAN Urban, the annual process of setting benchmarks, collecting data, preparing reports, assessing them, and resolving differences of opinion, took up a substantial amount of time, both from the staff of USAID and especially the contractor. Benchmarks themselves were not finalized until several months into the year, in one case too late to change directions, had this been needed.

Another potential difficulty lies in determining how best to measure the performance of the contractor, which benchmarks to use for the purpose, and how to specify them. We were surprised to find numerous benchmarks for CLEAN Urban phrased in a manner that required actions by other parties or were dependent on circumstances outside the control of the contractor. Benchmarks for CLIN3 in year 2, for example, include the adoption or acceptance of policies, regulations or other measures by the GOI or government agencies, even in one case the enactment of new legislation. We can understand that USAID would be keen to see such things accomplished, but we question whether these are appropriate criteria for assessing contractor performance.

Benchmarks also may not always provide a complete picture of contractor performance. To avoid misinterpretations and minimize potential arguments, CLEAN Urban benchmarks tended to focus on activities that could be specified precisely, and to leave out those that were harder to define or anticipate accurately. Since events in Indonesia over the course of the project were unfolding rapidly, the team was required to respond promptly to many GOI requests. Examples include the merger of the State Ministry of

Regional Autonomy with MOHA, plans for the transfer of staff from central to local government, and assistance to MOHA on the allocation of central government grants. These tasks were not mentioned or reflected in the benchmarks, yet they represent another facet of the team's overall performance in supporting decentralization.

While the specification of annual benchmarks provided the flexibility to accommodate change, tying them to CLINs may paradoxically have inhibited or restricted the contractor's room for manouever. This may have seemed a logical and tidy arrangement at the outset, but it created problems later. After it was decided to add Padat Karya and revise CLINs 1 and 2, the contractor wound up with three separate but similar components all concerned with community participation in the planning process, but pursuing different objectives. It would have made a lot of sense to rethink these pieces and merge them together in a single more coherent and better integrated unit. But the strictures of benchmarks tied to CLINs got in the way, making this difficult.

One big merit of CLINs, however, is that they allow the contractor greater latitude in using budget resources, and do away with the need to obtain prior authorization from USAID in shifting funds among individual line items.

We learned that in June this year that USAID decided to discourage further use of CPAF contracts. Two main reasons were given. Contractors are tempted to focus foremost on achieving items which will win award fees – to the detriment of other items which may also be important but are not tied to fees. USAID does not have sufficient staff to develop, award, and administer CPAF contracts.

#### **b. USAID management issues**

During the course of CLEAN Urban, USAID made several major management decisions which significantly impacted the direction and outcome of the project.

The decisions to add the Padat Karya component, and to speed up implementation, implied a substantial reallocation of budget resources. In the interests of clarity and transparency, this should have been documented in a contract amendment, but it was not. We understand that steps to modify the contract were started but not completed. Apparently, this would likely have entailed lengthy delays and an extended period of inaction at a time which called instead for urgent action.

These decisions also presented the prime contractor with a big challenge in project management, and created widespread ramifications for commitments and agreements with sub-contractors that had already been made, causing considerable dislocation of other activities. Although USAID and the contractor were able to work out a solution to these problems, greater transparency in the budget implications would have yielded a more satisfactory solution.

Once all the adjustments had been made to accommodate Padat Karya, the decision to terminate it after only 18 months, at the very moment when funds finally began to arrive, strikes us as premature. A few months more would have provided an opportunity to follow through in implementing at least a few of the large number of proposals that had taken so much time and energy to prepare.

Ostensibly, USAID's motive for shortening the project from four years to three was to respond more quickly to the economic crisis and perhaps also the need to prepare the

way for decentralization, which took effect in January 2001. This is understandable, but the decision also had the unintended effect of curtailing the time available for field teams to strengthen local government capacity to adopt PDPP in the nine locations started under CLEAN Urban.

This might not have been a problem had USAID decided to continue support under PERFORM, but this is not the case. In the event, the teams were able to apply the PDPP cycle only once, and that wasn't carried through fully to completion in all cities. Given the complexity of the PDPP process, our observations in the field strongly suggest that more time is needed to build the capacity of local professionals, and enhance prospects of sustainability.

On another matter, as USAID is already well aware, it would have been better to undertake the terminal evaluation of CLEAN Urban well before it ended. This would have yielded better information from stakeholders, much of which has been lost in the intervening months. It would also have allowed findings to be taken into consideration in the design of PERFORM.

### **c. Contractor management issues**

According to annual reviews, the contractor's performance improved steadily over the course of the project. The CLEAN Urban team is to be congratulated for achieving almost all the benchmarks set for the third year. This is a notable accomplishment.

Our own evaluation of management issues related to the contractor might have been more useful if we had been able to obtain better information on the allocation and spending of funds for CLEAN Urban. Without this information, it has been difficult to properly understand some of the key issues that arose during implementation. We understand that the Jakarta Mission has also been unable to obtain this information due to certain legal technicalities, but that the situation has been partially rectified under PERFORM.

One issue that was brought to our attention relates to the sub-contract under CLIN2 for community participation activities. We understand that funds for Padat Karya came out of CLIN1 and CLIN2, and that the sub-contractor was also obliged to make substantial changes in their workplans. Apparently, this entailed renegotiating agreements made with several NGOs recruited to work at the community level, and cut-backs in commitments made to fund community projects. Once again, none of this was formalized in an amendment to the sub-contract, although as far as we are aware, there was nothing to stop the primary contractor from doing this.

Another issue relates to the location of field activities. While USAID took the decision to work in East Java and later West Java, different criteria were used to select locations within these two provinces for each of the three components. The sub-contractor under CLIN2 started with their own criteria. PDPP picked places that were willing to commit resources, and had a strong interest in community participation. Padat Karya emphasized areas that were hard hit by the economic crisis. While this might have made good sense for each component standing on its own, it yielded a patchwork of locations in which activities sometimes coincided but often did not. This compounded the problems of coordination, and undermined the potential for synergies and future sustainability.

Clearly, it would have been more productive to manage these components as a single integrated whole, although given the way the three components evolved, this is easier said than done. Initially, it seems to have been the intention, with the sub-contractor under CLIN2 working at the community level in the same four cities as CLIN1. But the plan began to unravel once Padat Karya was added and each component expanded in different directions.

This was recognized as a serious problem at the time, and we commend the contractor's efforts to restore some kind of cohesion to field activities. But as discussed above, the scope for radical rethinking and reorganization was circumscribed by the nature of the contract.

One other point should be mentioned, and this concerns PERFORM as much as CLEAN Urban. It was clear from our interviews that the level of supervision and support provided by Jakarta to the field teams is inadequate, especially now that PERFORM is working in a large number of locations dispersed across several provinces. Periodic visits are not enough. To be able to respond effectively to the diverse needs of their clients – both citizens and local governments – field teams need to be versatile and knowledgeable about a wide range of matters. This requires explicit efforts to continually strengthen the capacity of the teams themselves, just as much as their clients.

#### **d. Monitoring and reporting**

As best we were able to determine, CLEAN Urban had no organized system for monitoring and reporting, nor any personnel assigned specifically for this purpose. As is the case in many other projects, monitoring and evaluation seems to have been overlooked in the scope of work for CLEAN Urban. Such monitoring and data collection as did take place was designed primarily to provide information for the quarterly performance reports and the annual assessment. Under a performance based contract, perhaps that is all that is required. But as mentioned earlier, the benchmarks reflect only part of the story. The contractor informed us that they also received constant calls from the Mission for additional information, which absorbed time and effort and distracted staff from other tasks.

The issue might have been handled more effectively by designing a monitoring system that yielded data both for assessing performance as well as other information required by USAID. This could then be incorporated in the quarterly reports in a more systematic fashion, including perhaps a series of standard charts or tables measuring progress.

## **D. CONCLUSIONS AND LESSONS LEARNED**

### **1. The Project as a whole**

The biggest achievement of CLEAN Urban was its ability to adapt successfully to constantly changing circumstances and new priorities. Its original goal was to facilitate deconcentrated financing and management of urban environmental infrastructure. Following the economic crisis, it quickly responded by supporting the SSN program and efforts to create jobs. Later, with the adoption of laws for decentralization, CLEAN

Urban focused its resources on supporting implementation of the new laws and put greater emphasis on citizen participation.

In the process, CLEAN Urban facilitated the release of a major loan from the World Bank in support of the SSN, and generated numerous proposals for creating jobs. At the national level, advisers provided extensive policy guidance on decentralization, winning USAID recognition as one of the leaders in the field among donors. At the local level, CLEAN Urban made a significant impact on attitudes to citizen participation in the planning process and put in place mechanisms to facilitate this.

Making these adjustments required considerable ingenuity and close collaboration between USAID and the contractor in revising the original scope of work. This was accomplished chiefly through creative use of benchmarks associated with the four CLINs. In an attempt to accelerate response and intensify support, the project was also shortened from four years to three.

These adjustments exerted a considerable strain on the project. While making it more relevant, the changes also had the effect of blurring objectives, creating a disjunction between activities at the center and in the field, and causing problems of coordination between field components. Shortening the project also undermined efforts to build sustainable local capacity for participatory planning.

In the haste to support job creation, the addition of Padat Karya to the project was handled clumsily, and meshed poorly with other components for community development and participatory planning. In retrospect, the three components might have worked better had they been integrated into a single activity, but it appears that the strictures of a performance contract made this difficult. The issue is now moot, since the components for Padat Karya and community development have since terminated.

The planning component has now become the primary activity in the field, but given the changes that have occurred, it finds itself at a crossroads. While still focused on building local capacity to produce medium-term investment plans, efforts to implement decentralization have brought other issues more prominently to the forefront, including community empowerment and local government capacity to implement the plethora of laws and regulations raining down upon them.

This disjunction between work at the center and in the field is still reflected in the scope of work for PERFORM. While policy assistance to central government covers a broad range of issues related to financial and administrative decentralization, capacity building for local government is narrowly focused only on medium term planning. Further discussion is needed to review current field activities and determine in which direction to proceed in the future.

## **2. Participatory planning**

The participatory planning component (CLIN1) achieved major advances in the evolution of a model for strategic urban planning, known as PDPP. This has since been approved for use by MOHA, and is being applied by an increasing number of local governments. Together, the three field components (CLIN1, CLIN2 and Padat Karya)

made significant progress in advancing the concept of community participation in the planning process, and demonstrating ways of doing this.

In terms of sustainability, CLEAN Urban left behind a greater impact on local residents than planning officials. The three field components trained large numbers of facilitators, covered nearly all communities in many locations, and generated vast numbers of proposals. Even though only a few of these were implemented during the life of the project, communities got the message, and many continue to build on what CLEAN Urban started.

The impact on planning officials in the nine locations where CLEAN Urban worked was weaker, not because the team did a poor job, but because the PDPP methodology is complex and capacity building takes more time than was available before support was terminated at the end of the project. It would have been advisable to continue support under PERFORM, but USAID preferred to replicate the approach in other locations.

As just mentioned, capacity building activities in the field do not match well with policy assistance at the center. Medium-term planning is only one of many issues related to decentralization, and some commentators did not see it as a priority at the moment, especially since funds for investment are still scarce. In their view, resources for local government capacity building would be put to better use helping local governments to understand and apply some of the many regulations and ministry decrees that are being issued to support laws on decentralization.

At the local level, among government officials, legislators and local residents, we found widespread enthusiasm for CLEAN Urban initiatives to promote citizen participation. Residents in particular saw this not just as means for improving plans, but more as a broad principle for community empowerment and self-determination, enabling them to play a more active role in addressing local problems. More thought should be given as to how the project might respond better to their interests.

Among planning officials, we detected somewhat muted interest in producing the PDPP planning documents. They find these largely duplicate the annual local development plans they are already required to produce. This issue needs to be taken up at the central level with Bappenas.

The PDPP model is still in its infancy, and team members are constantly developing it further, as they learn from experience. As it stands at the moment, our observations led us to the following conclusions. On methods of participation:

- 1) As practiced under PDPP, community participation in the planning process involves a lot of time and energy for modest results. The CNAs generate lengthy “shopping lists” of proposals, but only a few of these are likely to get funded.

2) The PDPP concept of participation is still relatively weak. Citizens “participate” in the planning process – preparing proposals, prioritizing and selecting them – but they don’t control decisions. (See figure and Appendix D table on *Role and involvement of stakeholders in the PDPP Process* .) This is still in the hands of government officials and, increasingly, members of the local assembly. Due to the way resources are allocated by sector, proposals which eventually get funded may not be those the community considers most urgent.

A LADDER OF PARTICIPATION	
delegated decision making	strongest
shared decision making	↑
representation	stronger
consultation	↑
information	weak

- 3) PDPP is heavily focused on participation in planning and largely ignores action. It ends with the completion of plans, and has little to say about participation in implementation and management. Participants are not encouraged much to think about promoting their own initiatives and mobilizing their own resources for them.
- 4) The contribution of the city forums to the planning process appears to be marginal. They are largely spectators to the work of professional staff in the task forces or technical team. Forums generally lack representatives from business, academia, other interest groups, and larger institutions outside government, which might make them more capable of contributing ideas and thinking on strategic issues.

On PDPP planning documents:

- 5) The strongest aspect of PDPP plans are the elements having to do with conventional physical infrastructure, many of which originate from communities. Other elements having to do with strategic issues are generally much weaker. This is an area which needs to be better addressed in training and technical assistance.
- 6) PDPP plans do not adequately reflect other community concerns related to “fuzzy” problems, such as health, education, and security. Since these are harder to articulate in the form of concrete proposals, we suspect they get eliminated in the process of reducing long lists to shorter lists.
- 7) While the primary purpose of PDPP is to produce medium-term plans, we saw little evidence of interest or demand for such plans, beyond the mandatory requirement to produce them. In practice, most of the interest and attention in using PDPP was as an instrument for providing information for annual development budgets.
- 8) Most PDPP documents produced so far have been prepared either by CLEAN Urban staff or outside consultants. This underscores the need for more intensive capacity building over a longer period of time. It also suggests the scope of PDPP documents should be simplified considerably, and training should include consultants.

### 3. Policy assistance

CLEAN Urban achieved perhaps its biggest impact through policy assistance to central government ministries. Adjusting to changing needs and priorities was much easier

than for the field components, since the contractual and logistical implications were minor.

Throughout the project, advisors and supporting staff were attached to MOF and MOHA, and for shorter periods to Bappenas and the short lived SMRA. They contributed critical inputs to the SSN program designed to create jobs, and later in support of fiscal and administrative decentralization. Their assistance resulted in an impressively long list of laws, regulations and ministerial decrees enacted, issued and adopted.

It is difficult to say exactly how much CLEAN Urban advisers shaped the content of these documents, since the process of formulating them is so imprecise. But according to senior officials who knew their work, the advisers were effective in working with their colleagues and building a consensus on policy elements. In this regard, CLEAN Urban was able to facilitate communication by placing advisors in key departments involved in decentralization.

Within each department, decisions on which aspects of decentralization to work on seem to have been made in a largely ad hoc fashion, depending on what the government saw as their most urgent and pressing issues. But generally speaking, there was little difference of opinion between GOI and USAID on priorities to be addressed.

CLEAN Urban attempts to link policy assistance at the center with local government capacity building in the field yielded mixed results. In one case, a single advisor at MOHA / OTDA was assigned to provide technical assistance on corporate planning and management to water boards, but few of them went very far in implementing policy guidelines. In the other case, an entire team was set up in the field working with MOHA / BANGDA, to assist local governments with medium-term development planning. The results were better, but involved a lot more effort.

From this, we conclude that any attempt to strengthen local capacity requires intensive efforts sustained over an extended period of time. This is consistent with experience elsewhere. It also suggests that capacity building should be sharply focused on specific areas and undertaken by special purpose teams with the necessary skills and expertise. This in turn implies that it may not be a good idea for the PERFORM field team to attempt general purpose capacity building in support of decentralization.

#### **4. Padat Karya**

Although the Padat Karya component never accomplished its ultimate goal of creating many jobs, it did succeed impressively in the more immediate task of rapidly generating proposals for labor intensive employment in physical infrastructure works. Already by the end of 1999, it had produced some 3,500 proposals, and had succeeded in obtaining funding commitments sufficient to implement a large proportion of them.

It also achieved success in recovering loans made earlier under SSN programs and recycling them to new borrowers for income generating activities. While most such loan programs under SSN reported a high default rate and negligible recovery of funds, Padat Karya was recovering up to 50% or more. However, we were unable to find information on the number of loans made or the number of jobs supported.

Another noteworthy element of Padat Karya was the monitoring of household incomes, which yielded valuable information for SSN planners in the absence of other data.

Although Padat Karya is history now, there are important lessons to be learned. USAID's motive was to create jobs quickly in response to the economic crisis, and the notion of creating labor intensive public works seemed a good way to do this. In the event, funds materialized late in the day, and few jobs were created at the time they were needed. Instead, many people who had lost their jobs either went back to rural areas or joined the informal sector.

One lesson from Padat Karya is that creating new programs and securing the necessary funding will likely take a considerable time to set up. In times of crisis, it may instead be more effective to support ongoing programs already in place.

A second lesson is that rather than relying on short lived infrastructure projects dependent on government, it may be more effective and quicker to support people's own initiatives in running micro enterprises by feeding them small grants to keep them going and possibly to expand and employ other members of the family household. This certainly proved to be the case in CLEAN Urban.

## **5. Coordination**

Everyone advocates coordination but rarely is it achieved, even within the same organization. Except in one instance, this was also true for CLEAN Urban.

The one exception was the highly productive collaboration between CLEAN Urban and the GTZ SfDM project. Together they undertook a ground breaking needs assessment for strengthening the capacity of local government to implement decentralization, and later produced a policy framework for addressing these needs. The recommendations were accepted by government and donors are using the framework as a basis for planning their own activities.

Among donors, coordination takes place mainly in a negative sense of avoiding duplication and stepping on each others toes. Apart from the example just mentioned, CLEAN Urban had little direct interaction with other donor programs, even in Probo-linggo, where it coincided with UNDP's BUILD project which has similar aims but focused more on citizen participation in urban management.

Within USAID, a more coherent set of activities for decentralization is now beginning to emerge on the ground after adopting a new country development strategy. CLEAN Urban / PERFORM maintains good communications with the BIGG project, and meets occasionally with the LGWSS team.

Coordination with GOI at the center was plagued by the constant restructuring and reorganization of central government agencies which accompanied the quick succession of three new Presidents. The same was true in the field, compounded by the merger of local government with local offices of central government. The constant rotation of staff undermined efforts to build local capacity and institutionalize the PDPP approach. This suggests training should also include local consultants, who already do much of the work in preparing planning documents.

Even within CLEAN Urban itself, effective coordination in the field was a constant headache. It was undermined early on by recruiting separate sub-contractors for CLIN1 and CLIN2, and deteriorated after the addition of Padat Karya. Some cohesion was restored after setting up a coordinating group for East Java, but it was never entirely resolved, in part because each activity had its own objectives. Greater success might have been achieved had the separate components been integrated into a single whole, but scope for doing this was circumscribed by the nature of the performance contract adopted for CLEAN Urban.

Despite this, some degree of informal coordination was achieved at the grass roots level by facilitators working on each of the CLEAN Urban components.

We see little prospect of other donors collaborating with PERFORM in disseminating or adopting the PDPP approach in the future. While keen to develop their own models for others to replicate, donors are rarely interested in adopting models developed by others. Besides, it's premature. PDPP is still in the process of proving itself as an effective model for strategic planning.

The lesson here seems to be that coordination only happens when interests coincide closely enough to provide the necessary incentive. In the meantime, it is important to continue exchanging information so each knows what others are doing.

## **E. RECOMMENDATIONS**

Given that CLEAN Urban has ended, we will address our recommendations to those activities which are now being continued in the PERFORM project. These relate chiefly to four aspects: the project as a whole; participatory planning; policy assistance; and project management. Since we did not spend much time familiarizing ourselves with the current status of activities, it is possible that some of these recommendations may already have been anticipated and implemented.

### **1. At the project level**

During our interviews, we heard a lot of talk about the links, or lack of them, between activities at the center and those in the field. To some extent, this matter has been resolved in the scope of work for PERFORM, by grouping together central and local activities related to medium-term planning under a single task, making the link much clearer.

But judging from our interviews, the matter is still being discussed. Some argue that PERFORM field teams should place a higher priority on strengthening the capacity of local governments to adopt and implement the many regulations and decrees related to decentralization that advisers are now working on at the center. This might be achieved by using existing teams, supplementing them with specialist staff, or setting up new teams within PERFORM specifically for the purpose.

We do not recommend any of these options. Experience from CLEAN Urban shows clearly that adding new tasks of this magnitude mid-course merely diverts resources, blurs objectives, and creates major management problems.

If USAID wishes to respond to this proposal, we recommend they consider forming a separate project for the purpose, similar to BIGG or LGWSS, both focused on specific aspects of local government capacity building. It could also be left to other interested donors, who may already be considering such an idea.

## **2. Participatory planning**

Our field observations convince us that the participatory planning component started under CLEAN Urban has now evolved to the point where it has reached a cross-roads. It can either stick to its narrow objective of producing medium-term plans and watch the world go by as it becomes increasingly marginalized. Or it can seize the challenge it has itself provoked, and lead the way towards a broader more ambitious objective of showing how government and citizens can work together towards improving the quality of life. In more prosaic language, .... can collaborate in planning and managing the city.

We favor the latter course, and suggest a number of steps in that direction. These are grouped under three main recommendations.

### **Recommendation 1: Empower citizens**

The PDPP concept of participation should aim higher on the ladder of participation to enable citizens to share in decision making or claim delegated authority to make their own decisions. The role of participants should expand beyond planning to include implementation of proposals and projects, and management of public facilities and services. This can be achieved in any number of ways.

#### **At the level of communities**

We recommend that PERFORM continue and enhance the sort of work undertaken by CLIN2 and Padat Karya at the community level under CLEAN Urban. For example:

- Encourage communities to expand the range of ideas and proposals reflected in community needs assessments beyond infrastructure projects
- Conduct needs assessments among different kinds of interest groups to identify issues and generate proposals that might otherwise not surface as priorities among neighborhood groups. Examples from Probolinggo include women, fishermen, SMEs and the informal sector.
- Assist communities and groups in articulating “fuzzy” concerns and formulating them as workable proposals
- Assist communities in figuring out their own solutions to problems that confront them, and to mobilize their own resources where possible, rather than waiting for government to act
- Have local government allocate funds directly to communities and let them decide how to use them. This would shortcut the time consuming process of creating long “shopping lists” and processing them up the chain from the neighborhood to the sub-district to the city and onwards

- Delegate authority to communities for procurement, supervision, and disbursement of funds to contractors for construction of infrastructure works and provision of other services
- Assist communities in methods of mobilizing their own resources and recovering costs of public works and services.

Many of these suggestions imply the need to broaden the scope of training for facilitators to assist communities with these tasks.

### **At the level of the City Forum**

We recommend that the role of the City Forum should be strengthened greatly. It may be seen both as a platform for articulating and promoting the interests of citizens, and as a means for mobilizing non-government resources to address those interests. For example:

- Strengthen the membership to include broader representation of civil society, especially business, special interest groups, universities, as well as members of DPRD.
- Link City Forums more closely and systematically to networks of community groups and other interest groups across the city. Encourage and cultivate “champions” to provide leadership.
- Enable the forums to contribute more effectively to discussions of strategic issues.
- Strengthen their capacity to formulate and promote their own proposals, rather than depending on government staff to do this
- Provide periodic training and more intensive on site support to forums for these purposes.
- Build a network of city forums in each region to exchange ideas and share experience, and arrange seminars and visits for this purpose.

### **Recommendation 2: Enable government to respond**

Enhancing citizen participation entails changing attitudes among citizens and government. We recommend that PERFORM also focus efforts on enabling government to respond more effectively to the needs and demands of citizens. Among the steps to consider:

- Assist local governments in formulating a strategy for responding to citizen needs and demands.
- Replace existing technical teams with an office of citizen empowerment (or similar) and set up a network of facilitators linked to this office
- Assign government staff to these units for a minimum period (say two years) to acquire skills and establish procedures.
- Conduct regular meetings with the city forum and community groups to exchange ideas and keep informed on local needs and priorities

- Refocus the content of PDPP documents to reflect a broader vision of citizen participation
- Simplify the scope of these documents to match local skills more closely
- Strengthen skills in strategic thinking, and how to translate shopping lists and fuzzy issues into programs and strategic plans

### **Recommendation 3: Narrow and intensify support**

Experience from CLEAN Urban shows clearly that in order to be effective, capacity building has to be sharply focused, intensive, and maintained for an extended period of time.

#### **Concentrate resources in fewer locations**

We recommend that PERFORM back away from efforts to replicate PDPP rapidly in a large number of locations. Such a strategy risks diluting support and weakens prospects for sustainability. Instead:

- Make use of annual performance assessments to maintain, and if necessary reduce, the number of locations to a sustainable level
- Provide support for at least two years to allow ideas, organizations and procedures to take root
- Consolidate capacity in initial locations before starting other locations.
- Train clone teams to cover additional locations
- Convert existing teams into independent units that can be contracted by local governments directly in order to maintain support after PERFORM ends.

#### **Intensify capacity building**

We also recommend that technical support should be intensified, and directed to both local government and key citizen groups. For example:

- Prepare a strategy for capacity building to cover key stakeholders including government staff, citizen groups and facilitators
- In addition, hold regular training sessions to refresh and expand the capacity of PERFORM's own field teams
- To overcome the widespread problem of turnover among government staff, form and train joint teams of staff and local consultants to undertake the tasks involved.
- Design training and on-site technical support to be task-focused with target dates for completion
- Recruit an expert on WID and GAD to suggest ideas on ways to address these issues in field activities.

### 3. Policy assistance

As mentioned earlier in section C.2.d above, those we interviewed concerned with policy assistance mentioned a long list of issues related to decentralization that required further technical support. We do not feel competent to evaluate the relative merits of each item, but we do recommend that two elements be given priority consideration, and that one activity be discontinued.

**Recommendation 1:** PERFORM should collaborate with BAPPENAS, BANGDA and GTZ in drafting implementing regulations (Peraturan Pemerintah or PP) related to Law 25 / 2000 on development planning.

This is important because the implementing regulations and PDPP are both concerned with local government development planning. The scope and content of the new regulations has a bearing on the extent to which local governments will be willing or motivated to adopt the PDPP guidelines.

Bappenas has been charged with the task of drafting the regulations, in collaboration with an inter-ministerial committee known as Tim Kepres 157. GTZ SfdM is helping Bappenas, and BANGDA has already issued two circular letters on the subject.

**Recommendation 2:** The Steering Committee for PERFORM should consider allocating additional resources to assist MOHA OTDA with activities related to Government Regulation No. 105 of Year 2001.

This is an important regulation that requires all local governments to replace existing line item budgeting systems with performance based systems by 2003. The aim is to enhance local government accountability, and to reduce corruption, collusion and nepotism at the local level. Since the BIGG project is also working on performance based budgeting, they should also be involved in these discussions.

**Recommendation 3:** PERFORM should terminate direct assistance to local governments on corporate planning and management of municipal enterprises.

Although CLEAN Urban provided assistance to municipal enterprises throughout the life of the project, and PERFORM staff in MOHA / OTDA continue to do so, the results have been disappointing. We suspect that this is partly because it is difficult for staff in Jakarta to provide the level of intensive support that is needed in the field. Since most of the enterprises concerned are PDAMs, it would be better to assign this task to another project, LGWSS, which is providing similar technical assistance in other locations.

### 4. Project management

We have only two recommendations to make concerning project management.

**Recommendation 1:** Establish a project monitoring and evaluation system and recruit a suitably qualified person to design and maintain it.

PERFORM is a large project with numerous activities, and therefore difficult to monitor, but the scope of work apparently overlooked the matter. Since the contract for PERFORM is not based on performance, there is no particular incentive for the contractor to

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undertake the systematic collection of data and information. This jeopardizes the ability of both USAID and the contractor to manage the project effectively. To correct this situation, we urge that a monitoring and evaluation system be put in place.

**Recommendation 2:** Strengthen advisory support from the center to teams in the field.

Field activities now cover an increasing number of locations dispersed across several regions of the country. At present, field teams receive support from two advisers in Jakarta, but one of these also serves as Chief of Party, which absorbs a substantial part of his time. We do not consider the present level of support is sufficient. Consistent with our recommendation to intensify capacity building efforts in the field, we also urge that PERFORM strengthen support for the field teams. This will become even more important if it is decided to establish clone teams to service additional locations, or to transform existing teams into independent units in order to maintain sustainability of activities after the project terminates. This recommendation may be fulfilled by recruiting another adviser based in Jakarta, but other options are possible.

**Appendix A**

**STATEMENT OF WORK**

## STATEMENT OF WORK

### TITLE: CLEAN-URBAN PROGRAM FINAL EVALUATION

#### *Summary and Purpose*

Under Contract No. 497-C-00-98-00003-00, Research Triangle Institute (RTI) implemented USAID/Indonesia's CLEAN-Urban activity (Coordinated Local Environmental Action Network) starting in January 1998. The project completed its third and final year of implementation in March 2001, and a new contract has been awarded – also to RTI – for a follow-on three-year activity called PERFORM (Performance-Oriented Regional Management).

The CLEAN-Urban contract required two external evaluations of the Contractor's achievement of the performance objectives: one at the end of year two and one at the end of the contract. The mid-term evaluation was conducted by USAID staff and issued in March 2000. This statement of work is for the purpose of performing the end-of-contract evaluation, which the mission has decided to award competitively to an outside contractor under one of USAID's Evaluation Support Services Indefinite Quantity Contracts.

Indonesia has been undergoing a period of turmoil and rapid change which began shortly before the CLEAN-Urban contract was awarded and is still continuing. In this context, USAID made a number of changes in its overall strategy as well as in the objectives and workplans for the CLEAN-Urban project, and the conduct of the final evaluation was deferred until after the new PERFORM activity got underway. It is expected that the evaluation will take these changes into account and will focus primarily on assessing the Contractor's accomplishments in the third year of the project, following the period covered by the mid-term assessment. Furthermore, the evaluation should be forward-looking and give significant attention to analyzing the lessons learned from the CLEAN-Urban experience and how they might best be applied in the context of achieving the objectives of the PERFORM program.

#### *Background*

The CLEAN-Urban project was designed to fulfill three key policy objectives:

- (1) Greater 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
- (3) Improved administrative and financial management capacity of local governments

The contract for the CLEAN-Urban project was a completion type cost plus award fee contract, better known as a "performance" contract, with four specific contract line item (CLIN) performance objectives (of which the 4<sup>th</sup> was limited and time-bounded):

CLIN 1: "Prepare financing packages for urban environmental infrastructure projects in designated sectors and locations, using the menu of financing options available to level II governments (PEMDAs), which include kotamadya (cities) and kabupaten (districts) and local government-owned water authorities (PDAMs). This activity is designed to help these officials learn to make infrastructure financing decisions that better meet community needs."

CLIN 2: “Strengthen local stakeholder groups (community groups, business groups, universities, women’s organization, NGOs, and other local groups) to participate more effectively in terms of numbers of groups and quality of input in local decision making regarding urban environmental infrastructure services, to better enable local government officials to understand and measure the demand for these services.”

CLIN 3: “The refinement and institutionalization of central-level policies and procedures that facilitate full and effective use at the local level of the financing menu described above under Performance Objective No. 1.”

CLIN 4: “Support for 12 months, as stated in CLINs 4.a through 4.c, the Urban Management Training Program (UMTP), the GOI’s official program for developing and testing modules targeted at senior urban managers.”

As previously indicated, the general environment for CLEAN-Urban implementation was one of economic, social, and political turbulence. Shortly prior to the start of project implementation in January 1998, the Asian economic crisis struck, with the loss of millions of jobs, rampant inflation, massive bankruptcies, and major civil unrest. Several months later, Indonesia’s President Suharto stepped down after more than 30 years of autocratic rule -- amid explosive riots in Jakarta and other cities -- and was replaced by his Vice President, B. J. Habibie. Protests and demonstrations in support of political reform and social justice continued on a daily basis, reflecting the popular perception that the Habibie government lacked both legitimacy and the ability to avert the deepening economic crisis that was impoverishing a large proportion of the population. As the economic crisis deepened, there was a perception that the unemployment problem was becoming massive. By mid- to late-1999, the situation had stabilized to some extent, following elections for a new government and President and a dampening of inflation and exchange rate decline.

These turbulent developments in Indonesia’s political and economic environment had a substantial impact on USAID’s activities in general and on the CLEAN-Urban project in particular. The resulting shifts in the project’s emphasis are outlined in Annex A. For the purposes of this final evaluation, the key changes were as follows:

1. The project’s focus under CLIN 1 on developing financing packages for urban environmental infrastructure projects had to be abandoned as sources of financing vanished. The loss of this context also diminished the relevancy of CLIN 2 community participation work and the CLIN 3 policy work as originally conceived.
2. The USAID mission dropped its urban strategic objective in favor of a new objective called “Increased Employment for Targeted Communities.” CLEAN-Urban, with its infrastructure planning and community participation components, became the principal vehicle for working with communities, especially those with high unemployment, to identify and package labor-intensive (“padat karya”) local projects for financing through social safety net funds pledged by various donors. The project’s efforts included holding more than 80,000 community meetings, which generated 2,300 projects, more than half of which had been approved in local government plans by the end of the second year, with the rest well along in the planning process.

3. In early 2000, as CLEAN-Urban entered its third year with the economic crisis abating, CLINs 1 and 2 evolved into a program of participatory medium-term capital investment planning, and the emphasis shifted from employment generation to development and pilot testing of a replicable mechanism, called the PDPP (Program Dasar Pembangunan Perkotaan, or Basic Urban Development Program), which was intended to enable newly autonomous local governments to plan a full range of investments responding to the expressed needs of their communities.
4. The post-Suharto governments gave center stage to a sweeping decentralization program transferring authority down to the city and regional level, as part of the response to citizen demands for increased control over the political and administrative processes that had previously been highly centralized. This development lent greater prominence to CLEAN-Urban's role in assisting the development of central-level policies and procedures, and CLIN 3 was broadened to include policy support to the Ministry of Home Affairs and Regional Autonomy (MOHARA) and the Ministry of Finance (MOF) for implementation of two key decentralization laws passed in June 1999 and destined to take effect January 1, 2001: Law 22 on decentralization of administrative authority and Law 25 on fiscal decentralization. (See Annex B for a fuller description of the decentralization process.)

Thus going into the third and final year of the CLEAN-Urban project, and the run-up months to decentralization, the emphasis of the project was on:

- Participatory planning of local government capital investments, with pilot projects at specific sites in West and East Java;
- Policy assistance at MOHARA on decentralized local government administration and at MOF on fiscal decentralization.

The main focus of the evaluation will be on these activities, which have been carried over into the new PERFORM project, with expanded coverage to local governments throughout Indonesia. In addition, the evaluation should assess the impact of the employment-generation activities that were concluded at the start of the third year.

### ***Statement of Work***

The purpose of this contract is to conduct an evaluation of USAID/Indonesia's CLEAN-Urban project carried out by Research Triangle Institute from January 1998 through March 2001, with emphasis on activities and achievements in the third and final year, and to make recommendations as to how best to apply the results and experience gained in this project. Therefore, most of the effort will be devoted to examining and assessing the CLEAN-Urban policy assistance work at the Ministries of Finance and Home Affairs and the development of the PDPP participatory planning mechanism and its application at the pilot sites in East and West Java. The purpose of this will be to determine the effectiveness of the policy work with the central government, the appropriateness of the PDPP as a vehicle for roll-out to other local governments across Indonesia, and the sustainability and replicability of this approach and decentralization moves ahead.

It is also important, however, to assess the impact of the employment-generation activities concluded in early 2000 (*Padat Karya* in Indonesian). Significant resources were dedicated to these activities, both at the central government level, where assistance was provided in complying with World Bank conditions for receipt of Social Safety Net (SSN) funds, and at the local level, in working with low-income, urban communities to develop project proposals for labor intensive infrastructure and micro enterprise projects

to utilize those funds. The contractor will, therefore, also assess the impacts of the policy and field efforts directed at assisting the GOI in implementing employment-generating Social Safety Net (SSN) programs. The purpose of this is to determine whether the substantial effort put into developing project proposals through bottom-up planning and setting up the institutional structure to monitor SSN programs did in fact achieve the intended results of funding projects and creating jobs once the moneys were released by the World Bank. The evaluation should also ascertain whether there are lessons to be drawn from this component of the program in terms of new methods for implementing national development programs and whether there were any sustainable results.

The Contractor should examine in detail the findings and recommendations of the mid-term USAID staff assessment of the project and use this as a starting point for reviewing and evaluating CLEAN-Urban activities and accomplishments in the final year. Therefore, a copy of this report is attached as Annex C.

It is expected that the Contractor will conduct a thorough review of project documents and discuss project progress with a variety of individuals and agencies related to implementation of CLEAN-Urban. Project documents, which shall be furnished to the Contractor in the field or, as feasible upon request, at the Contractor's home office, include the following:

- CLEAN-Urban RFP
- RTI Proposal for CLEAN-Urban
- USAID-RTI Contract for CLEAN-Urban
- Workplans and Quarterly Reports, especially for year three.
- Technical reports, papers, etc. prepared by project advisors
- GOI Regulations and other significant documents prepared with CLEAN-Urban advisory input, including PDPP documents prepared at the pilot sites
- Performance Award Benchmarks, Requests and Awards
- RFP for the PERFORM project, RTI Proposal and initial Workplan

Interviews should be held with relevant officials, staff and citizens, including:

- USAID staff, especially from DLG
- RTI staff and subcontractors/grantees
- Central Government officials involved with aspects of the project, including members of the GOI CLEAN-Urban Steering Committee
- Local Government officials and other "stakeholders" (community groups, business leaders, NGOs, etc.) involved in PDPP pilot projects launched under CLEAN-Urban in at least one location in East Java and one in West Java.
- Other international donor organizations engaged in providing financial and/or technical assistance for decentralization or for social safety net programs during the economic crisis.
- Central and Local Government officials and other "stakeholders" involved in the Padat Karya employment generation program, including visits to two or more representative communities that were beneficiaries of this program.

It is expected that the Contractor will address a number of issues arising from implementation of CLEAN-Urban and make recommendations regarding future implementation of the PERFORM project. The evaluation should cover – but not be limited to – the issues/questions set out below:

- 1) Participatory medium-term investment planning for local governments

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- a) The PDPP planning mechanism is the main product of this component of the CLEAN-Urban project in its third year and the key mechanism around which the equivalent component of the PERFORM project is built. Therefore, the evaluation should place major emphasis on a review of this product, and the Contractor should address the following concerns:
- i) Does the PDPP meet reasonable standards for local investment planning in developing countries?
  - ii) Is the PDPP viewed as a useful tool both by central government departments involved in decentralization – MOF and MOHARA – and also by local government representatives?
  - iii) What is the official and/or unofficial status of PDPP use at this time, in the view of central government officials, local government representatives, other donor groups?
  - iv) Is the PDPP approach applicable to all types of local governments, urban and rural, or are there additional refinements needed to make it more broadly useful?
  - v) Is the PDPP methodology clear, cost-effective and “user-friendly,” or are there revisions that could be made to simplify it without impairing its utility?
- b) In reviewing the CLEAN-Urban pilot projects, the evaluation should examine the PDPP process in light of the following concerns, and giving particular consideration to the implications for expanded use of the PDPP under the new PERFORM project:
- i) Validity of criteria used to select pilot local governments for PDPP introduction.
  - ii) Receptivity of local officials using the PDPP and their capacity to do so effectively.
  - iii) Effectiveness of efforts to promote and institutionalize the concept of community participation in decision-making on investment planning and implementation through the PDPP process.
  - iv) Integration of the PDPP process with local economic development activities, especially small and medium-sized enterprises.
  - v) Results in terms of resources devoted to the effort – both by USAID and by the local governments themselves – and potential for full implementation of the PDPP as developed in the context of each pilot project.
  - vi) Capacity and commitment of local officials and organizations – both governmental and non-governmental – to continue utilizing and “rolling-over” the PDPP in future years without significant need of additional technical assistance.
  - vii) Replicability of the PDPP process in other regions and other types of local governments through Indonesia, both with and without USAID technical assistance.
  - viii) Sustainability of the PDPP process: what are the key factors involved in making it sustainable; what has been done in the CLEAN-Urban project to lay the groundwork for sustainability; and what should be done in the PERFORM project to further promote sustainability?

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- 2) Policy assistance to central government on decentralized local government administration (MOHARA) and on fiscal decentralization (MOF).
    - a) What do the DOI officials working on the issues involved in the CLEAN-Urban project see as their main technical assistance needs, and how well do they feel the CLEAN-Urban advisors have met those needs? Are the materials produced clear, informed and useful?
    - b) Have the CLEAN-Urban policy advisors received the support and follow-up needed from their GOI advisors to make their work effective?
    - c) Has the work of the CLEAN-Urban policy advisors been focused on the highest priority tasks for implementing decentralization?
    - d) Have the objectives of the technical assistance carried out by the CLEAN-Urban policy advisors in response to the needs of their GOI counterparts been consistent with USAID's objectives for decentralization?
    - e) What further assistance could be provided to enable these ministries to adjust to their new roles and responsibilities under decentralization?
  - 3) Coordination with other decentralization-related activities within USAID and among other international donor organizations.
    - a) How well have the CLEAN-Urban activities been integrated with other USAID mission activities, particularly those working with local governments and/or on decentralization. How might the integration be improved?
    - b) How well have the CLEAN-Urban activities been coordinated with those of other international donor organizations working on decentralization either with the central government or with local governments? Could improvements be made to achieve better results in the future as the PERFORM program is implemented and other donors develop their own decentralization-related programs?
    - c) What are the prospects for other donors adopting the PDPP process as the vehicle for their own local government development projects?
  - 4) The impact and effectiveness of the Padat Karya program both at the national and local level. This is not intended to be an audit of the entire program, but rather an assessment of the value-added of USAID support, through interviews with relevant officials and site visits to select communities to evaluate program results. Points to be covered include:
    - a) Did the CLEAN-Urban assistance to BAPPENAS result in an implementation system that was utilized?
    - b) In CLEAN-Urban assisted communities, did the proposed projects get implemented? More generally, did money flow to local governments and into projects that generated significant employment for low-income communities?
    - c) Has the NGO monitoring and evaluation system designed to assist in implementing the SSN programs been active, and have the NGOs been able to supply information on the status of project results? Is this an effective way to increase transparency in government projects?

- d) Should the bottom-up, participatory project planning approach used for this program be viewed as a model for implementing other centrally-funded programs?
- 7) Management of the CLEAN-Urban project in general, by RTI and by USAID, with emphasis on identifying management issues related to overall project effectiveness and impact.

### ***Relationships and Responsibilities***

The Contractor will report to and be under the technical direction of USAID/Indonesia. The Contractor will work closely with Chris Milligan, Director, Office of Decentralized Local Government (DLG); Jessica McKenna, Deputy Director; Elinor Bachrach, COTR and Senior Local Government Advisor; and other staff of DLG.

### ***Schedule and Deliverables***

The Evaluation Team shall provide an outline of its draft report by the end of the first 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 RTI PERFORM 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
  - Purpose of program evaluated
  - Purpose of the evaluation 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

A (5) five-day period will be provided for the Team Leader to complete the final report, which is due within twenty days after his/her departure from Indonesia. One copy each of the final report, in Microsoft Word format, in hard copy as well as electronic copy, should be submitted to:

1. Office of Decentralized Local Government  
American Embassy Jakarta  
Unit 8135 USAID  
FPO AP 96520-8135
2. PPC/CDIE/DI  
USAID/Washington

**Appendix B**

**LIST OF PEOPLE INTERVIEWED**

No.	Organization / Individual	Position
1	DLG/USAID	
	Elinor Bachrach	Senior LG Advisor
	Christopher Milligan	Director DLG
	Jessica K McKenna	Deputi Director, DLG
	James Woodcock,	Urban Infrastructure Advisor
	Philip Tjakranata	Program Specialist
	Jon Wegge	Senior Advisor
	James Woodcock	Urban Infrastructur Advisor, USAID
	Sharon Cromer	Deputi Director, USAID
2	RTI and related Contractors	
	Michael D. Sinclair	COP (PERFORM PROJECT) (Clean: Padat Karya Program
	Blane Lewis	Senior Advisor for Intergovernmental Fiscal Relations and Regional Finance (PERFORM PROJECT); Senior Advisor, MoF dan BAPPENAS (CLEAN Project)
	Joel H. Friedman	Policy Advisor at MoHARA (PERFORM PROJECT)
	Adam Nugroho	Senior Local Government Finance Specialist at MOHARA (PERFORM PROJECT); Senior Local Govt Finance (CLEAN)
	Sugiono Soegiri	Senior Municipal Management Specialist at MOHARA (PERFORM PROJECT); Senior Municipal Management Specialist (CLEAN)
	Winarko Hadi	Specialist Survey Water at MOHARA (PERFORM PROJECT); Specialist Survey Water (CLEAN)
	Sugiarti	Regional Finance Director MOHARA (PERFORM PROJECT); SC (CLEAN)
	Robert van der Hoff	PDPP Program Manager (PERFORM PROJECT); Financial Advisor (CLEAN)
	Didiek Hadiprabowo	Regional Manager, PDPP East Java (PERFORM PROJECT); East Java, Regional Manager (CLEAN)
	A.A. Alit Merthayasa	Regional Manager, PDPP Central Java (PERFORM PROJECT); West Java Regional Manager (CLEAN)
	Engkus Ruswana	Regional Manager, PDPP West Java (PERFORM PROJECT); Coord. PDPP Depok, West Java (CLEAN)
	Dwi Angkasa Wasis	Financial Analyst, East Java (PERFORM PROJECT); Financial Analyst, East Java (CLEAN)
	Geoffrey Swenson	Chief of Party, ICMA (interntaional City Management Association); Padat Karya Coordinator (CLEAN)
	Budi Rahardjo	Community Participation Specialist; Coord, Padat Karya West Java (CLEAN)
	Risfan Munir	PERFORM PROJECT, Media and Local Economic Development Specialist
	C. Stuart Callison	Chief of Party, PEG
	Jeffrey J. Povolny	Grants Manage, PEG

No.	Organization / Individual	Position
3	Government of Indonesia	
3.1	MoHARA	
	Siti Nurbaya	Secretary General, MoHARA
	Darwin Bahar	Financial Analyst, MoHARA, PUOD,
	M.Salmun Prawiradinata	Local Government Budgetting and Accounting, MoHARA, PUOD,
3.2	Regional Development - BANGDA, MoHARA	
	Achmad Jusnedi	Kasubdit Bina Keserasian Pertumbuhan Perkotaan
	Iis Hernaningsih	Kasi Peningkatan Manajemen Pelayanan
	Sahat Marulitua	Kasubdit Bina Sistem Perencanaan Kab/Kota
	Lukman Nulhakim	Kabag Perencanaan
	Bachsil Nachri	Kasubag Program
	Bambang Widodo	Executing Agency from GOI (Clin1, Clin2, and Clin 3)
	Asminarsih	Kasubdit. Urban Infrastructure Development; (Clin2, Clin3)
3.3	PKPD, MoF	
	Arlen T. Pakpahan	Director, Local Budgetting and Loan (DJKPD); Project Manager in MoF, Steering Committee
	Iwan Richard	DJKPD, MoF
	Budi H	DJKPD
	Bram	DJKPD, Member, Executing Agency CLEAN Project
3.4	BAPPENAS	
	Herman Heruman	Private Consultant; National Coordinator, SSN Program (CLEAN)
	Mohammad Najib	CSS Coordinator (PERFORM); Padat Karya CLEAN, Bappenas
4.	WEST JAVA Field Visits	
4.1.	Local Govt. Official	
	Lukman	Chairman of BAPPEDA (Local Planning Development Agency)
	Adhy Parayudha	<i>Dinas Bangunan</i> Depok Municipality; Tim Tehnis CLEAN Urban Project
	Eddy Sugiarto	<i>Dinas Bangunan</i> Depok Municipality; Tim Tehnis CLEAN Urban Project
	Ismail Suganda	<i>Dinas Pertanahan</i> Depok Municipality; Tim Tehnis CLEAN Urban Project
	Komaruddin Daiman	<i>Dinas Kebersihan</i> Depok Municipality; Tim Tehnis CLEAN Urban Project
	Akhmat Zaini	<i>Dinas Perhubungan dan Pariwisata</i> Depok Municipality; Tim Tehnis CLEAN Urban Project
	Engkus Ruswana	Regional Manager PDPP West Java (PERFORM PROJECT); Coord. PDPP Depok; West Java (CLEAN)
	Mohammad Ronny	PERFORM PROJECT, PDPP West Java
4.2	Community Representative	
	Elly	Micro Economic Businessperson

No.	Organization / Individual	Position
	Mia	Micro Economic Businessperson
	Rokiyah	Micro Economic Businessperson
	Sofian	Micro Economic Businessperson
4.3	Civil Societ Organtz (CSOs)	
	Sahroel Polontalo	YEH (Youth Ending Hunger)
	Helmi H. Naz	Liga Muslim Indonesia (LMI)
	M. Masnun Salim	Yayasan Dinamika Insan (YDI)
	Subeno Rahardjo	Lembaga Moniitoring Pembangunan Daerah
5	EAST JAVA FIELD TRIP	
5.1	Tim Teknis KODYA MALANG	
	Sulystyawati	Tim Teknis, Kabid Sosbud Bappeda Malang
	Wasto	Tim Teknis, Dinas Pendapatan
	Sri Wahyuni	Tim Teknis, Kabag Organisasi
	Teguh Cahyono	Tim Teknis, Kabid Litbang PDAM; Tim Tehnis PDAM Corporate Plan (CLEAN)
	Iwan Rizali	Tim Teknis, Bidang Phisik Prasarana; BAPEDA
	Wihartojo	Kasubbid Perhubungan dan Pariwisata; BAPEDA
5.2	CITY FORUM	
	Ir. Sonny Leksono	Chairman of FKPKM , FKPKM (City Forum)
	Drs. Harinoto	Secretary of FKPKM
	Erni T	Member,FKPKM
	Ayok	Fasda
	Drs. Suwarno, M.Pd	Working Commiittee of FKPKM
	Fransisca	LLP Lenten
	Soesmita	Treasury of FKPKM
	Ir. B. Fathony, MTA	ITN Malang
5.3	East Java CUP Team	
	Didiek Hadiprobowo	PERFORM; CLIN1, 2, 3
	Kresno Budidarsono	PERFORM; Padat Karya
	Wahyu Widiyanto	PERFORM; Padat Karya CLEAN
	Nurman Djunaidis	PERFORM; Padat Karya CLEAN
	Markus Waisoro	PERFORM; Padat Karya & CLIN-1
	Dina Limanto	PERFORM; CLIN-1
	Dwi A Wasis	PERFORM; Padat Karya & CLIN-1
	Hadi Utomo	PERFORM; Padat Karya & CLIN-
	Herry S.	PERFORM

No.	Organization / Individual	Position
5.4	Grass Root, CBOs, Malang	
	Djoko Anum	Chairman of Community Rep. Kel Sukohardjo, FKPPM
5.5	Tim Teknis Kota Kediri	
	Freddy Sukanada, ATD	Tim Teknis, PIPP
	Sunyata	Tim Teknis, PIPP
	Sidharta	Tim Teknis, member
	Sunarsih	Tim Teknis, member
	A. Budi Edyanto	Tim Teknis, PIPP
	Edi Wyanarko	Tim Teknis, member
	Sugiarti	Tim Teknis, member
	Sumarjono	Tim Teknis, PIPP
5.6	City Forum, FKPP Kediri, BPS	
	K. Hadiwibowo	Chairman, BPPL Kota Kediri/BPPL Bandar-LOR
	Siti Niamah	Chairman, BPPL Rejomulyo
	Sutomo	Chairman, BPPL Pakunden
	Mudjono	Chairman, FKPP Kota Kediri
	Subhan Dimyati	Committee, PKPP
	Agus Subagiono	FKPP
5.7	DPRD Kota Kediri	
	J. Suryo Widodo	Chairman, Komisi D, DPRD II Kediri
	Sri Mulyani Soegandi	Vice Chairman, Komisi D, DPRD II Kediri
	Bambang Harianto	Member, Komisi D, DPRD II Kediri
	Zubadurrahman	Member, Komisi D, DPRD II Kediri
5.8	Grass Root, CBOs in Kota Kediri	
	Jahrooni	Head of Village Rejomulyo
	Ida Nurhidaya	Member, BPPL RW
	Muchtar	Member, BPPL RW
	Siti Niamah	Chairman, BPPL Desa
	Djairam	Treasury, BPPL Desa
	Agus Dwi Santoso	Secretary, BPPL RW 04
	Amy Haryo	Treasury, BPPL RW 02
	Agus Wanono	Secretary, BPPL RW
5.9	DPRD Kota Probolinggo	
	H. Abd. Choliq Maksum	Komisi E
	Musny H Lawado	Komisi C
	Edi Sukartono	Komisi D
	H Harun Abdul	Komisi B

No.	Organization / Individual	Position
	H Asjari Husnuddin	Chairman, DPRD
	H.A. Koentjoro S.	Vice Chairman, DPRD
6.	CITY FORUM Probolinggo	
	Anton H	Forum Kota
	Musthofa B	Forum Kota
	Ireng D. Widodo	LSM
	Bambang EBN	LSM
	M. Hisbullah Uda	KSM/CBO
	Mustakim	Forum Kota
	Ninik	Forum Kota
	A. Tsabut	Forum Kota
	Fanani Zain	LSM
	B. Basori	LSM
	Nizar Irsyad	Forum Kota
	Sukardi	Forum Kota
5.1	Tim Teknis Kota Probolinggo	
	Irianto Murti	Member, Tim Teknis
	Amin Freddy	Member, Tim Teknis
	Ibu Diah	Member, Tim Teknis
	Hariyanto	Member, Tim Teknis
	Slamet	Member, Tim Teknis
	Prasetion	Member, Tim Teknis
	Ngatmar	Member, Tim Teknis
	Johny Haryanto	Member, Tim Teknis
5.12	CARE	
	Ir. Warman	CARE Jakarta; Community Participation Advisor
	Bud Crandall	CARE Jakarta; Community Participation Advisor
	Prabowo	CARE Sidoardjo
	Subari	CARE Sidoardjo
6	Donor Organizations	
	Rainer Rohdewohld	Local Govt Advisor, GTZ ( German Technical Cooperation)
	Chattejee	Senior Prog. Officer, --- ADB
	Kai Kaiser	World Bank Decentralization Project
	Paul Sudtmuller	Chief technical Advisor, UNDP (BUILD Program)
	Leo Schmit	Program Advisor, UNDP (Partnership for Governance Reform)

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**Appendix C**

**LIST OF REFERENCES**

**CLEAN-URBAN PROJECT - LIST OF DOCUMENTS**

No.	Document	Institution/Author	Status
<b>1</b>	<b>Clean-Urban RFP</b>		
	Request for Proposal (RFP) Solicitation No. Indonesia-97-006 Coordinated Local Environmental Action Network (Clean Urban) Activity. (No.497-0365)	USAID/Indonesia	Yes
<b>2</b>	<b>USAID-RTI Contract for CLEAN-Urban</b>		
	RTI Proposal for CLEAN Urban	RTI	Not provided
	Contract No. 497-c-00-98-00003-00, CLEAN-Urban	USAID-RTI	Yes
<b>3</b>	<b>Workplans and Reports</b>		
a	CLEAN-URBAN Project, Quarterly Performance Reports No. 1-11	RTI, Jakarta Indonesia	Yes
b	CLEAN-Urban project Year 3 supplemental work plan (15 November 2000 - 31 January 2001)	RTI, Jakarta Indonesia	Yes
c	Procurement Plan, Contract No. 497-C-00-98-00003-00	Nadira Sansour, Project Administrator Clean Urban	Yes
d	Clean Urban Project Final Year 1 Training Plan - October 29, 1998	Clean Urban Document 300-028 E - Research Triangle Institute-Jakarta	Yes
e	Project Synopsis for USAID/Washington Urban Programs team	RTI, Jakarta Indonesia	Yes
<b>4</b>	<b>Technical Reports, Papers. Prepared by project advisors</b>		
a	Manual P3SM (Program Peningkatan Peran Serta Masyarakat, Jakarta September 2000 (Community Participation)	Ir. Warman, Community Participation Advisor Clean Urban Project	Yes
b	Experience from Pilot Program for PDAM Revenue Bonds in Indonesia and Recommendations for the Future	William R. Kugler	Yes
<b>5</b>	<b>GOI Regulations</b>		
a	Law No.22 Year 1999: Local Government	Gol	Yes
b	Law No.25 Year 1999: Fiscal Balance Local-Central Government Relation	Gol	Yes
c	Law NO. 25 Year 2000: Propenas	Gol	Yes

No.	Document	Institution/Author	Status
d	Surat Edaran Menteri Dalam Negeri Nomor: 650/989/IV/ Bangda, Tgl 5 Juni 2000 - Tentang Pedoman Umum Penyusunan Program Dasar Pembangunan Perkotaan (PDPP)/ <i>Circulation Letter on PDPP</i>	MoHA	Yes
f	Pedoman Umum Penyusunan Program Dasar Pembangunan Perkotaan/ <i>Guidline on PDPP</i>	Direktorat Jenderal Pembangunan Daerah (BANGDA), MoHARA	Yes
<b>6</b>	<b>Performance Award Benchmarks, Requests and Awards</b>		
a	Project Year 3 Contractor's Award Fee Evaluation Report (Clean Urban Document 300-035E) 18 April 2001	Clean Urban Document 300-036 E - Research Triangle Institute-Jakarta	Yes
b	CLEAN-Urban Year 3 Award Fee Initial Review	RTI, Jakarta Indonesia	Yes
<b>8</b>	<b>Contract for the PERFORM project</b>		
a	PERFORM Contract, Contract OUT-LAG-I-813-99-00009-00	USAID-RTI	Yes
b	Award/Contract - Contract (Prcc. Inst.Ident.) No. 497-C-00-98-00003-00	USAID- RTI	Yes
<b>9</b>	<b>Other Documents</b>		
a	Periodic Financial Report	USAID/RTI	Not provided
b	Draft Final Report Clean-Urban Project - CP Team - 16 October 2000	CARE International Indonesia	Yes
c	Pembangunan Berbasis Partisipasi Masyarakat Kota Probolinggo/ <i>PDPP documents of Probolinggo City</i>	Pemerintah Kota Probolinggo 2001	Yes
d	Laporan Akhir Clean Urban Project Jatim Maret 1998 - Pebruari 2001/ <i>Final Report, CLEAN URBAN PROJECT, East Java</i>	Regional Office Malang, 2001	Yes
f	Laporan Akhir Clean Urban Project Distrik Depok Mei 2001/ <i>Final Report, CUP, Depok Team</i>	Depok District Office, Jl. Margonda Raya No. 54, Depok	Yes
g	Partisipasi Masyarakat Dalam Pembangunan Manual Penyusunan Perencanaan Bersama Masyarakat September 2001/ <i>Guideline for mid-term urban plan development</i>	Program Dasar Pembangunan Perkotaan -USAID	Yes
h	P2IRT Manual Penyusunan Perencanaan Bersama Masyarakat September 2001/ <i>Guideline on P2IRT</i>	Program Dasar Pembangunan Perkotaan -USAID	Yes

No.	Document	Institution/Author	Status
l	P3RT Manual Penyusunan Program Pengelolaan Pembiayaan dan Rencana Tindak September 2001/ <i>Guideline on P3RT</i>	Program Dasar Pembangunan Perkotaan -USAID	Yes
j	PIPP Manual Penyusunan Program Investasi Pembangunan Perkotaan September 2001/ <i>Guideline on PIPP</i>	Program Dasar Pembangunan Perkotaan -USAID	Yes
k	SPJM Manual Penyusunan Strategi Pembangunan Jangka Menengah September 2001/ <i>Guideline on SPJM</i>	Program Dasar Pembangunan Perkotaan -USAID	Yes
l	Program Investasi Pembangunan Perkotaan (PIPP) 2001-2005/ <i>PIPP Depok</i>	Tim Teknis PDPP Kota Depok	Yes
m	Himpunan Peraturan tentang Corporate Plan PDAM Kota Malang/ <i>CIP Malang</i>	Perusahaan Daerah Air Minum Kota Malang	Yes
n	Pembentukan Tim Penyusunan Program Dasar Pembangunan Perkotaan (PDPP) Pemerintah Kota Malang/ <i>Tim Teknis PDPP Kota Malang</i>	Keputusan Walikota Malang Nomor 326	Yes
o	Tim Teknis Penyusunan Program Dasar Pembangunan Perkotaan Kota Kediri	Keputusan Walikota Kediri Nomor 1113 Tahun 2000 - Drs. H.A. Maschut	Yes
p	Keberadaan Clean Urban Project di Kota Kediri	Pemerintah Kota Kediri - Badan Perencanaan Pembangunan Daerah (BAPPEDA)	Yes
q	Data Bantuan Dana Hibah Pemberdayaan Masyarakat Kota Kediri	Kota Kediri	Yes
r	Bantuan Teknis USAID Di Kota Kediri Tahun 1998 - 2001	Kota Kediri	Yes
s	Symmary Report Activity CUP Kediri District, 1 September 2000	Kota Kediri	Yes
t	Forum Komunikasi Pembangunan Kota Malang - Anggaran Rumah Tangga Pembangunan Anggaran Rumah Tangga Forum Komunikasi Pembangunan Kota Malang (FKPKM) - Malang, 18 Januari 2001	City Forum Malang	Yes
u	Program-Program Jaringan Pengaman Sosial/ <i>SSN Programs</i>	BAPPENAS	Yes
v	Pedoman Kerja Pusat Informasi JPS	BAPPENAS	Yes

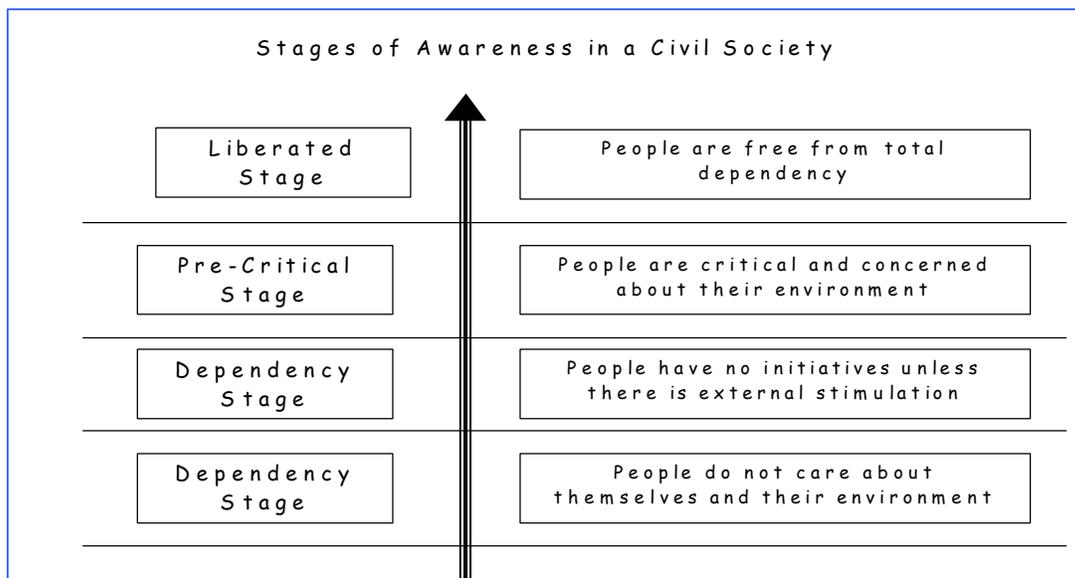
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**Appendix D**

Program Dasar Pembangunan  
Perkotaan (PDPP)

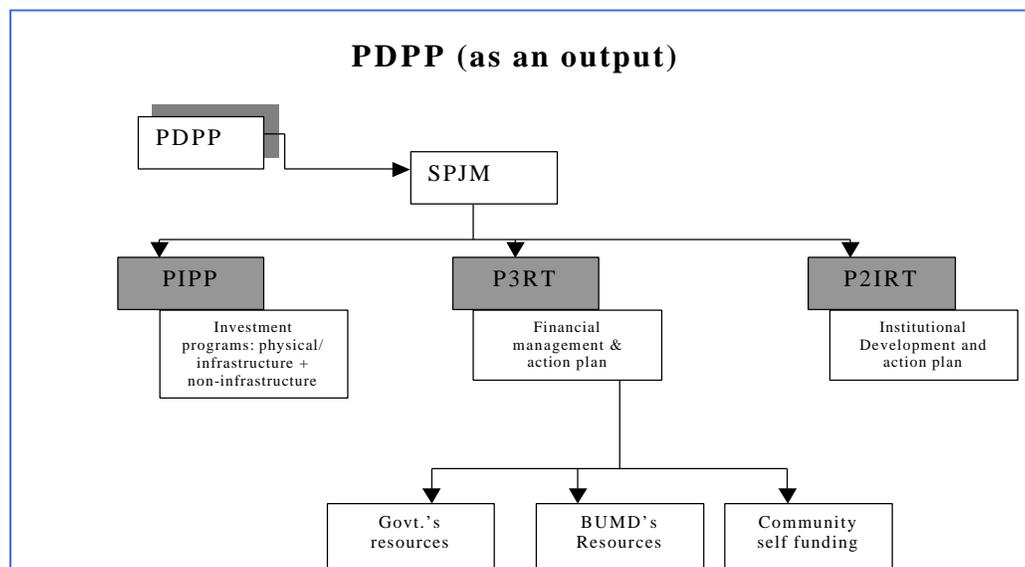
## Program Dasar Pembangunan Perkotaan (PDPP): an approach toward community participation in city planning

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 things as a bare minimum.



During the CLEAN Urban Project period, PDPP was an output, which consisted of 3 documents, namely PIPP, P3RT, and P2IRT.

During the PERFORM Project, however, PDPP began to evolve as an approach (as opposed to an output).



PDPP, interestingly enough could also be the abbreviation for Participatory Development and Program Planning. A brief description of PDPP is as follows.

### The mechanism

In essence, PDPP involves people's participation right down from the smallest group of the community, i.e. RT/RW (Rukun Tetangga/Rukun Warga). Their voice and aspirations eventually would be carried over to the Kota/Kabupaten level, in the form of documents that would include documented project proposals which have been discussed and prioritized by the community members themselves. During the CLEAN Urban Project Period, a series of structured meetings took place. These meetings are called CNA meetings, and eventually would be the basis of the CNA document (project list)

At the RT/RW level, members discussed and identified projects that are needed for their community. These were then brought forward to the Kelurahan / Desa level, to be discussed along with other projects brought by other RTs / RWs in the village. At this stage, the Head of Village or Lurah facilitates (not decides) on the prioritization. From here, the project proposals are brought over to the Kecamatan level, or directly to the Kabupaten level (depending on the size of the Kecamatan), for further prioritization and coordination (to minimize duplication of projects such as inter-village roads). Lists of prioritized projects are then incorporated into the document to be presented for discussion at the DPRPD.

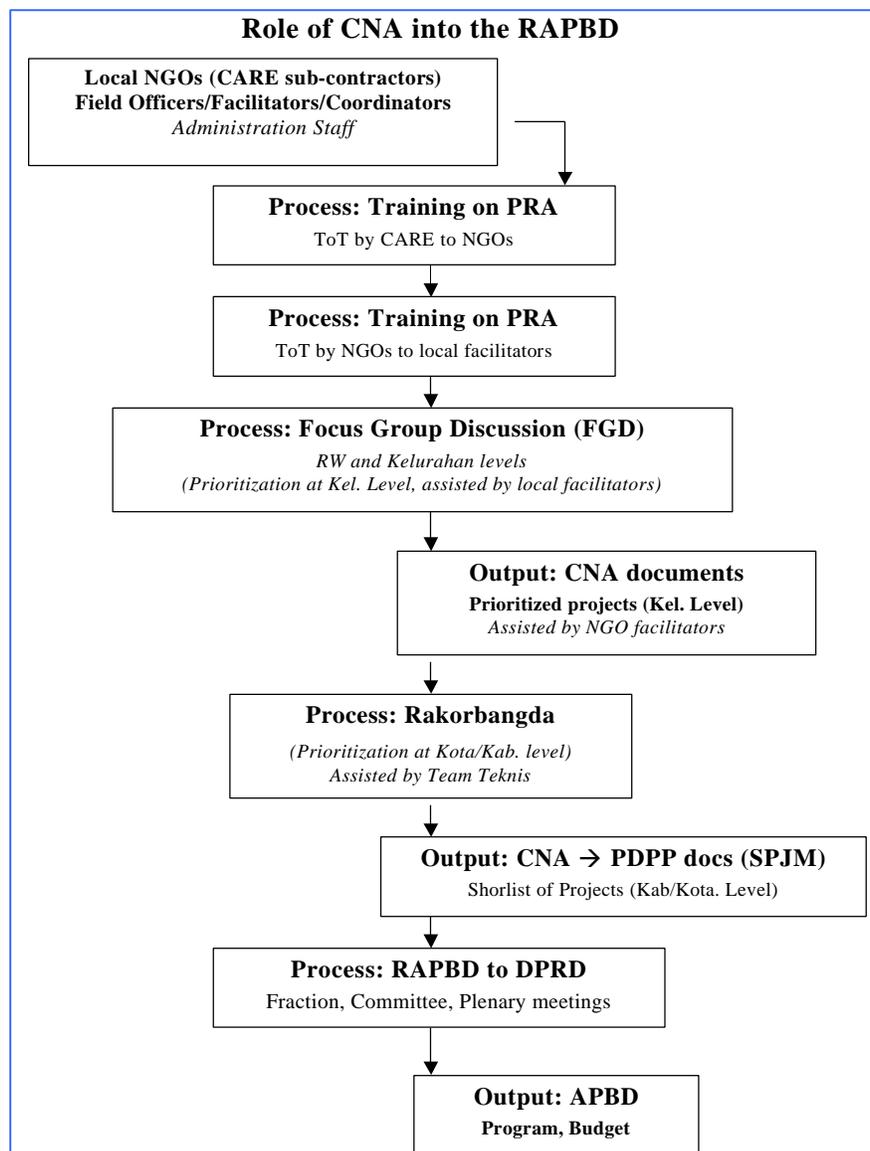
<b>Example of Structured Meetings Schedule: from Community meetings to DPRD sessions</b>				
<b>Process</b>	<b>Schedule</b>	<b>Lead</b>	<b>Participants</b>	<b>Output</b>
MusbangKel/ MusbangDes	May – June	Community, Kelurahan	RT, RW, ToMa, Kelurahan/Desa	Project List
UDKP	July	Camat	Lurahs/KaDes, Muspika	Project List (selected for Kecamatan level)
RakorbangDa	July – Aug	Executive (Bappeda)	Lurah, Camat, Dinas, Biro, Bappeda	Daftar Usulan Proyek <b>(DUP)</b> and Daftar Usulan Kegiatan <b>(DUK)</b>
Preparation for RAPBD	Sept	Executive (Bappeda)	Bappeda, Biro Keuangan, Dinas	Draft RAPBD <b>(SPJM)</b>
Preliminary Meeting: Pemda – DPRD	Oct	Executive (Bappeda)	Bappeda, DPRD	DPRD Sessions Approval into APBD
DPRD sessions	Nov- Dec	Legislative (DPRD)	Fractions, Commissions, Ketua Bappeda	Approval of APBD by DPRD

Source: Pemda DKI Jaya

## Skills required

In facilitating participatory meetings, certain skills are required. For instance, PRA (Participatory Rural Appraisal). Tools are also needed to identify and prioritize issues and project proposals, such as Logical Frame Analysis, SWOT (Strengths, Weaknesses, Obstacles, and Threats), Cause – Consequences, FGD (Focus Group Discussion) etc. These skills and mastery of tools are not confined to the local facilitators, but ideally should be understood by members of the Technical Team of Bappeda also.

Toward this end, initially a ToT (Trainer of Trainers) was conducted. Further facilitators were then “produced” by participants of this ToT. The available local facilitators work at RT/RW, Desa / Kelurahan, Kecamatan, and Kabupaten levels.



## Implementation

In conducting participatory meetings, the facilitators take the lead as well as mediate the different opinions voiced by participants. A result of which will be a list of ideas / project proposals which received the participants' approval. As the meetings go to the higher level of government structure (ie. Kelurahan, Kecamatan, Kabupaten), community participation meetings are attended by self-elected representatives (of the communities) – which do not necessarily mean the Lurah or Camat.

Normally, at the community level (up to Kelurahan), meetings are conducted over a period of time, to ensure that all relevant and necessary tools to identify, verify, and prioritize project are used to ensure that ideas are thoroughly discussed and receive a form of majority approval.

Community-based organizations such as BPPL, LKMD, PKK, could serve as community's representatives – or not – as agreed by the communities themselves. At the Kota/Kabupaten level, a city forum such as FKPP (Forum Komunikasi Pembangunan Kota) could serve as a representative – or not – as agreed by the local CBOs themselves.

In theory, community participation at any stage is ensured. In practice, glitches are found frequently, as this “standard practice” has not been embedded into their mindsets at the present time.

<b>Role and involvement of stakeholders in the PDPP Process</b>				
<b>Meeting</b>	<b>Level</b>	<b>Legislative</b>	<b>Executive</b>	<b>Communities</b>
Musbang	RT/RW	Observer		Decision
	Desa / Kelurahan	Observer	Observer	Decision
UDKP	Kecamatan	Observer	Observer	Decision
Rakorbang	Kota/Kabupaten	Observer	Decision	Observer
Rapat DPRD	Fraksi	Decision	Input	Observer
	Komisi	Decision	Input	Observer
	Panitia Anggaran	Decision	Input	Observer

## Output

At each level of participatory meeting, project ideas are documented and bound. A copy is kept at the village level. At the Kabupaten level, all project documents received from Kelurahan / Kecamatan levels are compiled prior to be prioritized. After further coordination to ensure minimization of project duplications, the prioritized lists are then incorporated into the PIPP document. This document is only one of the many

documents presented to the DPRD for further discussions in their sessions (*see figure below, RAPBD – APBD Process*).

Finally, all documents based on CNA meetings are incorporated into the SPJM documents (PIPP, P3RT, and P2IRT)

### **SPJM (Sasaran Pembangunan Jangka Menengah/Mid-Term Development Plan)**

#### *Contents:*

1. Profile of Kab/Kota: overview of local condition including economic, social, and demography conditions
2. Development policy and its implication: vision and mission, priorities of mid-term development plan as well as spatial plan
3. Crucial issues of each aspect which cover social-political aspect; social economy aspect; environment (Local Environment Action Plan-LEAP); regional development; local Institutions development; and financial aspect.
4. Strategic programs for mid-term development plan
5. Sectoral programs
6. Priority programs for the next 5-7 years

*Series: PIPP, P3RT, P2IRT*

#### **I. PIPP (Program Investasi Pembangunan Perkotaan/Investment Program for Urban Development)**

#### *Contents:*

- List of physical (infrastructure) and non-physical (non-infrastructure) projects to support strategic programs developed for SPJM
- Corporate Plan (CP) of BUMD (local state-owned enterprise)
- Rolling-over plans
- Reviews as input for the following year programs

#### *Mechanism:*

1. Project identification/mid-term investment
  - review of current programs (status, beneficiary, constraints).
  - identification of urban problems
  - evaluation of process and mechanism of needs assessment at community level (participatory)
  - Proposal grouping into (a) regional scale : urban and rural; (b) Implementation/executor: government, community self funded and private sector/investor
2. Preliminary selection of programs (to continue, postpone, or cancelled)
3. Prioritization: Goal Achievement Matrix (GAM)
4. Optimization: reviews of local government's financial capacity. Project ceiling for each investment is set
5. Project determination: selecting and deciding which projects will be implemented as well as the executors of the project (Govt, Private or Commercial)
6. Production of Annual Review of the project/investment plans

## II. P2IRT (*Program Pengembangan Institusional dan Rencana Tindak*/Institutional Development Program and Action Plan)

### *Contents:*

- Institutional development programs

### *Mechanism:*

1. Review policies and Perdas which support urban development management through discussions, analysis, public consultation with stakeholders. Aim: redesign to improve if deemed necessary.
2. Review existing local institutions' conditions through discussion public/stakeholder consultation. Aim: restructure of PEMDA and BUMD Institutions if necessary
3. Analyse existing urban/regional development management process through discussion public/stakeholder consultation. Aim: revise and improve management policy if necessary
4. Identify strengths and weaknesses of current human resources at local government institutions and local state-owned enterprises (BUMDs) through SWOT (Strengths, Weaknesses, Obstacles, and Threats); questionnaire; and comparative study. Aim: plan to improve current conditions
5. Identify PIPP's programs interdependency with P2IRT through discussion and problem analysis. Aim: improve program design
6. Finalise program design and action plans.

## III. P3RT (*Program Pengelolaan Pembiayaan dan Rencana Tindak Lanjut*/Financial Management Program and Action Plan)

### *Contents:*

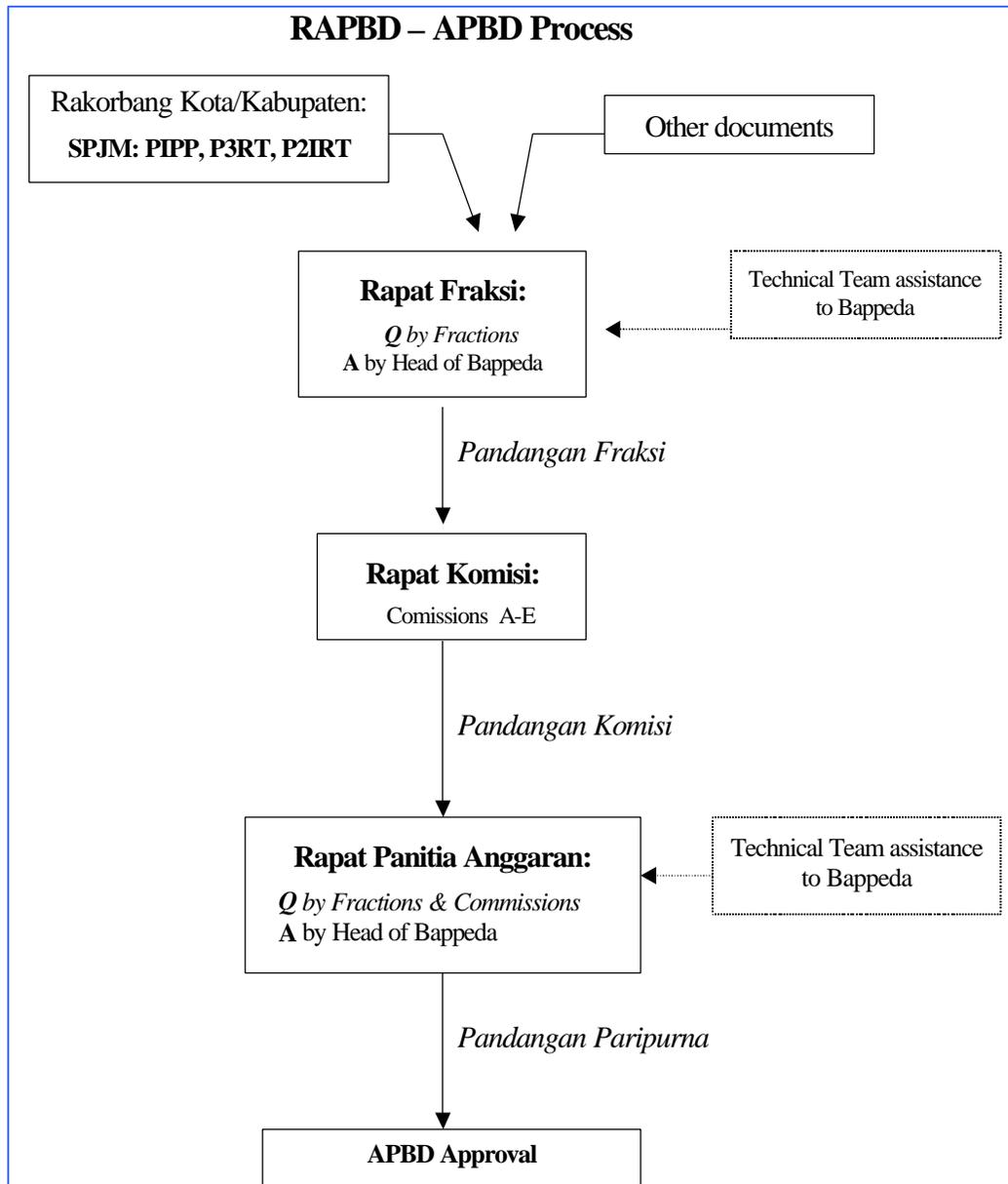
- As a supporting document to SPJM which focus on financial support aspect

### *Mechanism:*

1. Identify local financial capacity: APBD, Private Sector/investor and community self-funded organizations
2. Identify local financial policies (revenue and expenditure posts)
3. Analyse projection of increases in local revenue and identify the needs to increase local financial capacity in urban development
4. Analyze strategic policies and design local budget allocation
5. Design programs and action plan for mid-term programs

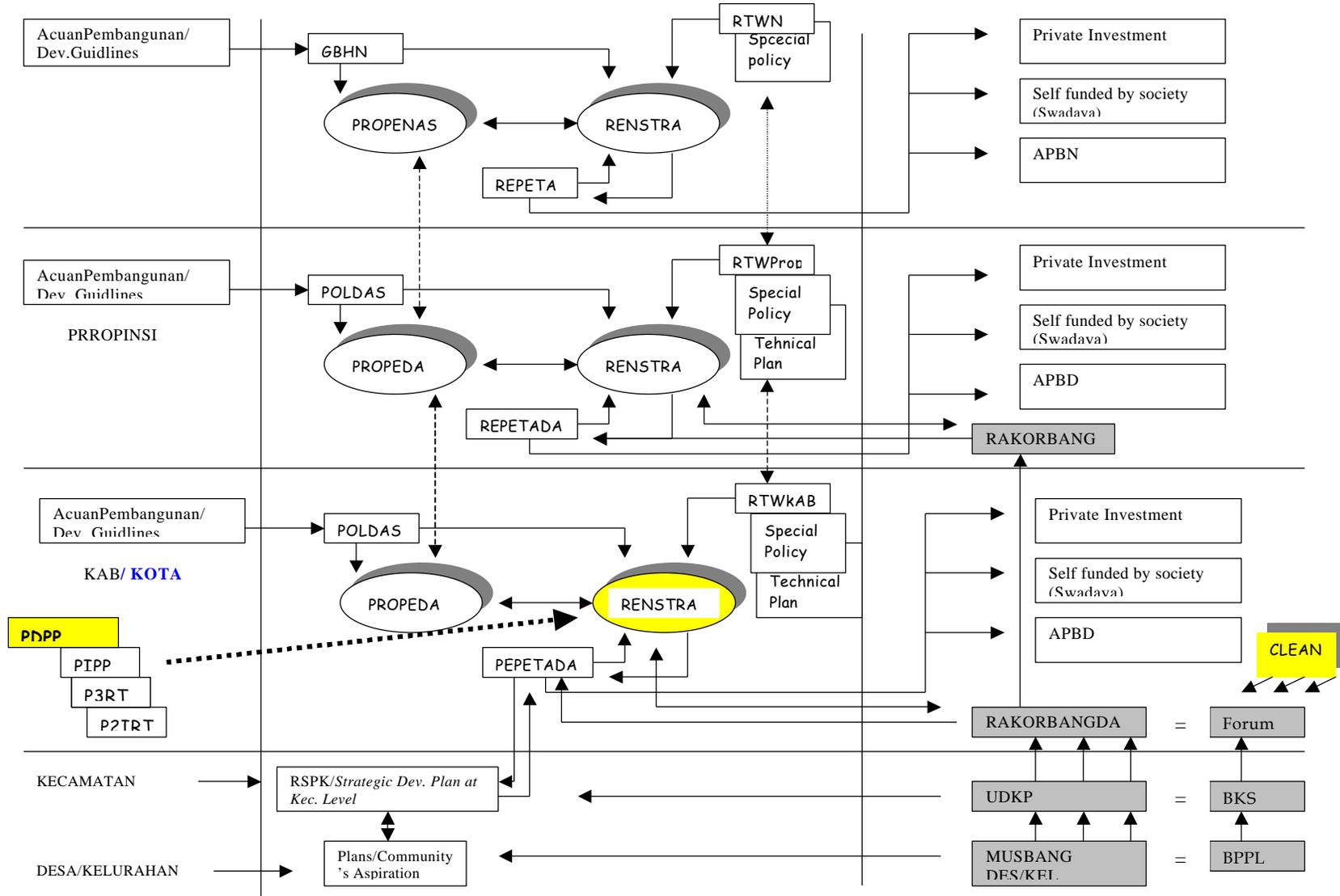
## Benefits

There are a multitude of benefits in applying the PDPP process, the main one being a structured participatory approach toward city planning. Improvements are still needed as the approach matures over time, but at least two local impacts are obvious: transparency at the local level, and a means to monitor the government planning process through the CNA documents.



**PDPP'S POSITION IN THE LOCAL GOVERNMENT PLANNING PROCESS**

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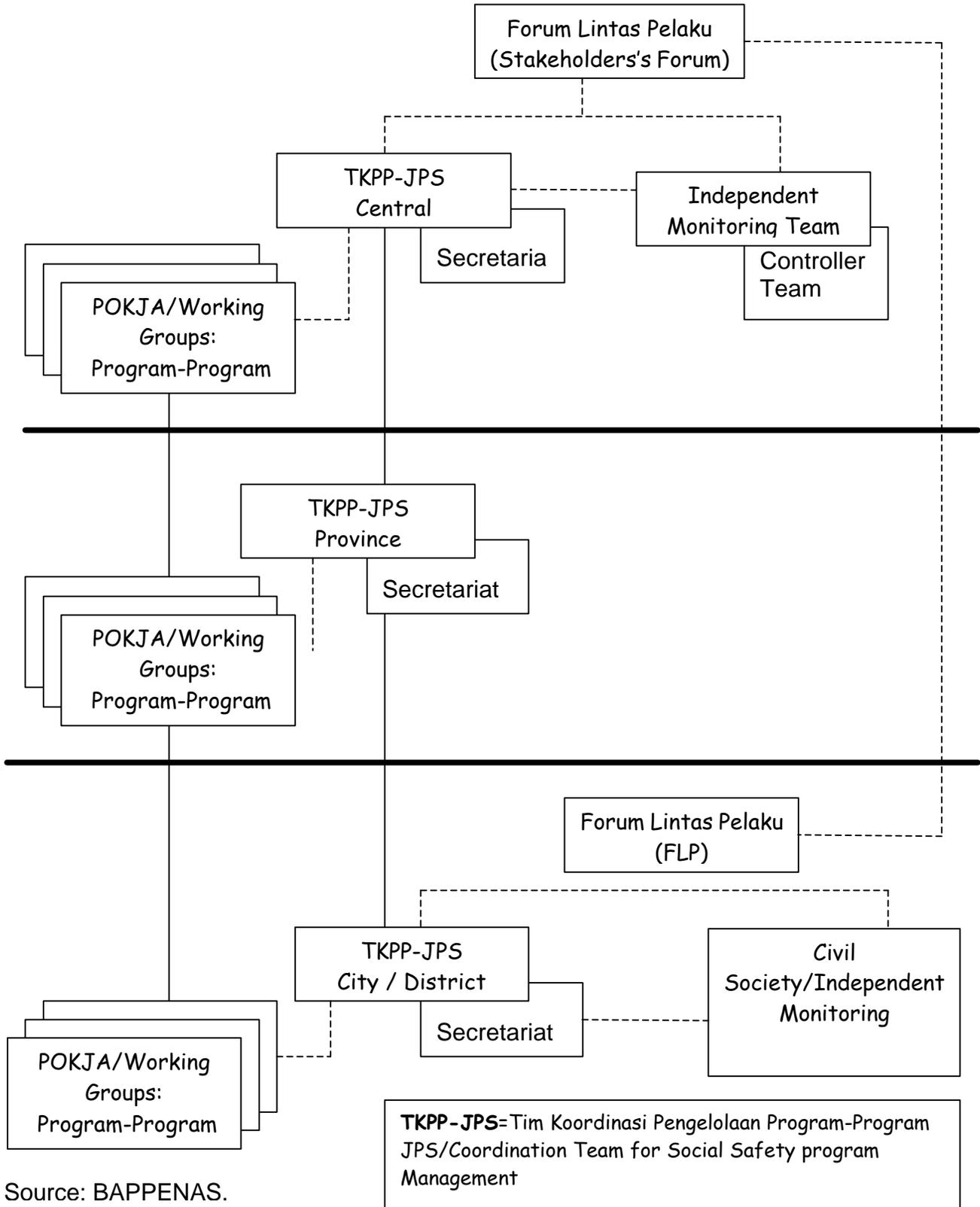
**Appendix E**

**MISCELLANEOUS**

**SOCIAL SAFETY NET ACTORS**

**LOCATION AND TIMING OF ACTIVITIES  
UNDER CLEAN URBAN**

### SOCIAL SAFETY NET ACTORS



Source: BAPPENAS.



Location and Timing of Activities under CLEAN Urban Project (January 1998 - March 2001)																																																
Activities	1998												1999												2000										2001													
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3									
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