# YEAR 2 WORK PLAN OCTOBER 2002-OCTOBER 2003

# DEVELOPMENT OF THE FOUNDATION FOR LOCAL GOVERNMENT INNOVATION

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# DEVELOPMENT OF THE FOUNDATION FOR LOCAL GOVERNMENT INNOVATION

## WORK PLAN
### 15 OCTOBER 2002 - 15 OCTOBER 2003

## I. Introduction

The Development of the Foundation for Local Government Innovation (DFLGI) Project is a three-year, $5.546 million USAID Task Order being implemented by the Urban Institute consortium composed of Urban Institute (UI), Chemonics International (CI), and the Institute for Public Administration (IPA) under the Sustainable Urban Management IQC. This Task Order was signed on 15 October 2001 amid the fall-out of the September 11th attacks on the United States and the subsequent travel ban imposed by the US Embassy/State Department for US Government official business.

Under this Task Order, an independent, non-profit Indonesian foundation (*yayasan*) will be established to support Indonesian Local Government Associations, and Indonesian local governments themselves, to gain access to expert advice, analysis, and services that assist them to improve their performance. The foundation will be called the Center for Local Government Innovation, or CLGI. In this Year 2 Work Plan, the foundation will commonly be referred to as the "Center".

The objective is to develop the Center as a technical service organization that is a sustainable resource of ideas, concepts, and innovations on a broad range of local government issues and sectors. The Center will be partially "owned"[1] by local governments and their Associations for the purpose of contributing to Indonesia's decentralization process by enabling local governments to manage and provide services and resources effectively. It is expected that the Center will offer expert advice and policy analysis for use by Local Government Associations in programs of advocacy on behalf of local governments. It is also expected that the Center will seek to become a respected and authoritative clearinghouse for information on local governments with extensive domestic and international links to other institutions that possess resources useful to local governments.

### A. A Time for Building – Year 1

Activities implemented during the first year of the DFLGI Project were focused on preparing a solid basis for formally establishing a legal Indonesian foundation and, through a series of pilot initiatives, setting a course for improving the performance of selected local governments. Implementation of successful initiatives will continue into Year 2.

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[1] "Owned" is defined to mean that nominated local government officials and the Executive Directors of the Local Government Associations will participate as members on one of the three Foundation Boards in equal standing to other Board members, i.e, one person…one vote.

During Year 1, a number of key findings and results of The Asia Foundation's Indonesia Rapid Decentralization Appraisal (IRDA) were incorporated into the Center's needs assessment and used in determining locations for CLGI pilot activities.

Year 1 was also a time for building a professional team of national technical experts and administrative staff; learning some valuable lessons in setting up a foundation and establishing mutually beneficial relationships with partners/stakeholders, in particular the Local Government Associations and the international donor community; and experimenting with various approaches to strengthen priority aspects of participating local governments in selected geographical locations in the country.

The authorized departure and accompanying travel restrictions on expatriate personnel that lasted for two months (through the end of November 2001), the need to re-market the Project's unique concept to relevant stakeholders to secure their commitment for both the Project and the establishment of a *yayasan*, and the desire to recruit the most qualified Indonesian men and women for the Center's various divisions resulted in a delay of full-Project start-up. Despite these limitations, a number of significant achievements occurred during the Project's first year. These included:

1. Successfully completing the recruitment of the Project's entire administrative staff and, except for the foundation's national Executive Director, all of the Project's professional technical staff. The Center's technical staff will increase by two during Year 2: (a) an Education Specialist will be housed at the Center for two years under financing from the new USAID/DLG Building Local Government Capacity to Manage Basic Education Activity; and (b) a Local Government Evaluation Specialist, a new two-year position, financed from funds originally budgeted for the Center's Decentralization Policy Analyst. The Policy Analyst will be funded for two years under the new USAID/DLG Decentralization Policy Activity. The Center's Organization Chart, representing a fully staffed foundation, is presented in Annex A.

2. Making significant strides in implementing a number of regional pilot projects in both performance and property asset management and in conducting its first policy analysis activities. The Center provided training and produced performance indicators, focus group discussions, household surveys, and service improvement action plans for performance measurement teams in the City of Pontianak, West Kalimantan, and the Kabupaten of Sleman, Central Java. Asset management training was provided for five local governments (the cities of Yogyakarta, Manado, Pontianak, Surabaya, and the Kabupaten of Sleman), and innovation projects in asset management were initiated in the City of Manado, North Sulawesi, and Kabupaten Sleman, in partnership with the Universitas Sam Ratulangi and Universitas Atma Jaya, respectively. This latter pilot activity is equipping participating local government staff with a working knowledge of property asset management by developing models for property asset inventory, property classification, property financial information and analysis, developing a property rental portfolio, and property market valuation. The Center's policy analysis activities included a regional review of the major Indonesian decentralization legislation (Law 22/1999) undertaken in partnership with the USAID/ECG legislative drafting project being

implemented by the University of San Francisco, and a regional review of the central government Block Grant Funding (DAU) mechanism implemented in partnership with academics from the Universitas Hasanuddin, Makassar, South Sulawesi.

3. Making initial, yet critical, steps in securing outside (non-USAID) sources of funding through the Center's ability to successfully market sustainability. By the end of the first year there were either commitments or expressions of interest from BP, ExxonMobil, ChevronCaltex, Cargill, ADB, World Bank and CIDA, and from a few local governments, to financially contribute to select Center activities. The July '02 USINDO Open Forum in Washington, D.C., was a major contributing factor in raising the level of foreign donor/sponsor interest in the Center, its activities and its sustainable role in the Indonesian decentralization process.

## B. The Vision: Marketing Sustainability – Year 2 and Beyond

Project Year 2 started with the horrific bombing in Bali, Indonesia, on 12 October. As a result, the U.S. Embassy issued an ordered departure from Indonesia a large number of "non-emergency" U.S. Embassy personnel, including DLG staff and contractors. After much negotiation and debate, the Mission decided that long-term U.S. contract personnel whose USAID-funded programs were deemed essential would be allowed to remain in country but dependents would be required to leave. After numerous consultations with the Director of the DLG Unit within USAID/Jakarta, the Chief of Party decided that both he and the Project's Director of Technical Services would remain in Indonesia to supervise/maintain implementation of Project activities.

The ordered departure also resulted in a ban on short-term consultants from the U.S. to travel to and work in Indonesia. Consequently, neither UI's Harry Hatry nor Olga Kaganova was able to return to Jakarta to complete their respective assignments in performance management and asset management.

Despite these impacts, CLGI national and expatriate personnel were able to agree upon a number of critical program activities aimed at strengthening program implementation during Year 2 and incorporated these into the Year 2 Work Plan.

Three main issues guided the preparation of the Year 2 Work Plan for CLGI: (1) specifically defining a long-term, mutually beneficial relationship between the Center, the Local Government Associations and participating local governments; (2) identifying the appropriate niche/strategy for CLGI during and post decentralization process; and (3) ensuring CLGI's financial self-sufficiency.

During Year 2 the Center, as part of its relationship-identification process, will review the findings and results of the IRDA as it implements the last three phases of its program. As new IRDA focus regions are added, CLGI will assess to what extent it will utilize the appraisal's results in determining the Center's regional focus and pilot initiatives.

However, the IRDA process and results do not include an assessment/analysis of the six Local Government Associations. Therefore, during the second year CLGI will continue to explore creative and innovative ideas to more fully engage the Local Government Associations and enhance their role as critical partners of CLGI.

Year 2 will also begin a period of consolidation and, more importantly, transition and sustainability for the Center. A major milestone in project implementation will be achieved as the Center's professional technical and administrative staff assume increasing responsibility for all day-to-day operations and a national Executive Director, expected to be installed by mid-2003, campaigns for non-USAID sources of funding.

Another key milestone is that by the end of Year 2, *Yayasan Inovasi Pemerintahan Daerah*[2] (YIPD) will be a fully independent institution enabling it during the third (and possibly fourth) year of the Project to test the sustainability of its entire operation. It is expected that during Year 2 both of the Center's two expatriate advisors will gradually transition out of their current leading and oversight technical roles giving more responsibility for decision-making and management to the national staff. The Chief of Party will continue to coordinate management of the overall Project.

This Year 2 Work Plan, subsequently, focuses on a process, evolving since Project inception just over one year ago, which will transition away from a majority reliance on USAID funding to a process directed by YIPD, a financially independent foundation, sustaining specific activities in support of Indonesian decentralization.

Under the current Task Order, just under two years remain (22 months with an ending date of 21 August 2004) to ensure that financial and technical sustainability, and the Center's independence from USAID, can be achieved.

## II. DFLGI Project Objectives, Goals, Approach, Focus and Impact

The ***objectives*** of the Development of the Foundation for Local Government Innovation (DFLGI) Project are:

- To create an independent Foundation in support of recently established Indonesian associations of local government, and Indonesian local governments themselves, to gain access to expert advice, analysis, and services that assist them to improve their performance; and

- To develop the Foundation as a technical service organization that is a sustainable resource of ideas, concepts and innovations on a broad range of local government issues and sectors.

[2] It was decided that the umbrella foundation for CLGI would be called *Yayasan Inovasi Pemerintahan Daerah,* the Local Government Innovation Foundation.

The specific Foundation ***goals*** are:

- To provide local governments and associations with the means to have an effective voice in policy needs identification and formulation; and

- To be a catalyst in assisting local governments to improve local government management, resource allocation effectiveness, increase management and service delivery performance, and take steps to develop a sound fiscal basis.

The ***approach*** and ***focus*** will be on USAID's guidelines/strategic objectives for decentralization issues as stated in Strategic Objective 10: Decentralized and Participatory Local Government Strengthened. The DFLGI Project will utilize a participatory approach to actively engage Local Government Association staff and members, representatives from the Ministry of Home Affairs, the Ministry of Finance and USAID and other stakeholders while focusing on strengthened advocacy and generating professional policy analysis and technical services leading to improved local government performance.

The expected Project ***impacts:***

- Strengthened cooperation and a common vision among the Local Government Associations;

- Establishment of sustainable collaborative linkages between the Foundation and national/international institutions involved in local government management; and

- Knowledge on the part of the donors of a depository for the results of their decentralization research, analysis, successful project implementation and papers produced by their respective short- and long-term advisors.

The ***timetable*** of this Work Plan covers the second twelve (12) months of the DFLGI Project, from 15 October 2002 through 15 October 2003. In September 2003, one month prior to the completion of the Project's second year, a third Work Plan will be prepared for the rest of the Project.

## III. Task Order Modifications During Year 2

The number one priority objective for the DFLGI Project is to establish a truly independent foundation that is a leader in developing, promoting and sustaining local government innovations while striving for financial self-sufficiency. In order to achieve financial sustainability, two modifications are proposed to the Project's Task Order. Broadly, these include:

## A. Accelerate "Indonesianization" of CLGI

First of all, *Yayasan Inovasi Pemerintahan Daerah* will recruit its national Executive Director during the first half of Year 2. Filling this critical position will Indonesianize the Center's general management, professional divisional heads and administrative staff. Providing a greater management role for the national Executive Director with increasing operational responsibility will ensure that by the end of Year 3 the Center has settled competent staff in all of its senior positions.

Secondly, we will aim to phase out the Center's expatriate position of Director of Technical Services by the end of Year 2 (i.e., before 15 October 2003). The objective is to reduce the long-term expatriate role in technical matters and install/strengthen Indonesian expertise with initiative and professional capabilities. Such an approach will ensure the survival of the Center, the staff and their jobs.

During Year 2, the Director of Technical Services will concentrate on transferring his knowledge and skills to the Center's national professional/ technical staff. He will institute a formal Mentoring/Counterpart Program for all technical staff under his responsibility, which presently includes the Local Government Management Specialist, the Local Government Financial Management Specialist, the Local Government Evaluation Specialist, the Local Government Training Specialist, and the CLGI Clearinghouse Information Specialist/Librarian. He will also work in close collaboration with two other USAID contractors (RTI and PADCO) in developing a similar Mentoring/Counterpart Program for their Education Specialist and Decentralization Policy Analyst, respectively, which will work out of the CLGI Office. These two professionals are financed under separate two-year USAID decentralization initiatives.

Since the Director of Technical Services will have successfully performed all of his tasks before the end of Year 2, the remaining ten months of LOE will be utilized to recruit appropriate national short-term technical professionals. This step will effectively contribute to the Indonesianization of the Center's national technical component while simultaneously achieving sustainable, continuing national management of technical services by the end of Year 3 (21 August 2004, the current end of the project).

The role for the COP, however, does not go away, although an increasing part of it is likely to relate to general management, fiduciary matters, and fund raising. Savings generated by reducing the long-term expatriate position of Director of Technical Services by ten months will help ensure additional funding for the subcontract/grant line item.

## B. Concentrate on Rapidly Achieving Financial Self-reliance

During the first half of Year 2, CLGI staff, with the assistance of key Urban Institute Home Office personnel, will develop a comprehensive, yet flexible, business plan that will guide the Center in becoming financially self-sufficient. Part of the process will involve the continued engagement of the private sector, an initiative started at the end of Year 1. Follow-up discussions will be made with, but not limited to, senior executives at ExxonMobil, ChevronCaltex, BP, Freeport and Cargill to further lock in both short and long-term commitments for funding in their respective areas of operations. A focus will also be directed at other U.S. companies in Indonesia as well as with Indonesian companies that have operations in CLGI priority geographical locations.

Center staff will also initiate a similar funding source exercise with the international donor community. CLGI will build upon its first successful financial and technical collaboration with CIDA[3] concentrating on other donors that have expressed an interest to work with CLGI, including, but not limited to, ADB, World Bank, GTZ and AusAID.

Third, the national CLGI long-term staff will be encouraged to design programs that market their individual and collective expertise. This will involve a continuation of the performance, asset and change management activities initiated during the first year of the Project. In addition programs will be designed that generate income from the CLGI Clearinghouse activities through the sale of products and/or services.

Finally, local governments desiring to participate in regional CLGI activities and training will be required to absorb an increasing amount of total activity costs, initially funding all local expenditures and eventually covering the costs of CLGI staff as well.

CLGI's annual operating expenses have been calculated at between US$ 450,000 to US$ 500,000. This includes all operational expenses (salaries, rent, office maintenance and supplies, etc.), but does not include equipment replacement. A projected budget is provided in Annex B.

# IV. Major Activities for Year 2

As stated in the USAID Task Order and the Year 1 Work Plan, the DFLGI Project team was required to produce seven deliverables. These were:

1. An established and functioning Foundation, with essential staff managing and/or carrying out core functions.
2. A Foundation organizational development plan in place, approved by the Foundation Board of Directors and by the Associations, to guide the organization's development over the medium term.

[3] CIDA recently agreed to fund CLGI to implement capacity-building/gender activities in Sulawesi. A formal Contribution Agreement will be signed in December '02.

3. An action plan produced by the Working Group detailing a series of steps to take post-Roundtable Discussion.
4. A report on related donor activity and any synergies/collaboration with the DFLGI Project.
5. The Foundation shall be able to demonstrate, by at least one example of reasonable significance, the impact of its work on improved advocacy by Associations.
6. The Foundation shall be able to demonstrate, by at least two examples of reasonable significance, the impact of its work on improved performance of one or more aspects of local government.
7. The Foundation shall be able to demonstrate, by several examples of reasonable significance, working relationships and linkages to other institutional resources for local government, which have demonstrably assisted local governments to address an issue or perform operational functions in an improved manner.

Except for the Foundation's Organizational Development Plan, a draft of which was prepared prior the end of 2002 and is attached to this Work Plan, CLGI staff were able to execute and produce all of the deliverables.

More deliverable flexibility has been built into the Year 2 Work Plan. CLGI's individual division heads have been given greater leeway in designing a creative set of deliverables that will move the CLGI sustainability process forward. In this manner, the Center's professional staff determine "where the Center is going and how it is going to get there" before USAID funding ceases in August 2004.

Therefore, the Year 2 Work Plan focuses not only on describing activities to be implemented within the individual CLGI units/divisions but also on how the long-term professionals responsible for each of the Center's divisions will work both independently and collaboratively generating a set of concrete deliverables prior to the end of the second year.

Specifically, focus during Year 2 will be on three of the four major task areas: foundation development, products and services and communications. General Program Support (Task 1 in the Year 1 Work Plan) is discussed only briefly as its focus is on the preparation of the annual Work Plan during the second year.

## A. General Program Support Activities

The major activity under this component is the preparation ad approval of the Year 2 Work Plan and an internal review of the Year 2 Work Plan after six months (April 2003). A review panel would be formed, composed of USAID representatives and CLGI Project staff. The review panel, with board members from *Yayasan Inovasi Pemerintahan Daerah* will review the Year 2 Work Plan assessing progress achieved and determine whether any modifications to the Work Plan are necessary. Two weeks are budgeted for this exercise after which a revised Year 2 Work Plan, should one be needed, would be submitted to USAID for approval.

The following table summarizes the various activities under the general program support component.

**Table 1. General Program Support Activities**

| No. | Activities | Deadlines | Responsible Parties | Benchmarks |
|---|---|---|---|---|
| 1. | Year 2 Work Plan Preparation/Approval | Aug-Dec 2002 | CLGI Team, DLG/ USAID, UI, CI | Initial Work Plan prepared; approved by USAID |
| 2. | Semi-Annual Year 2 Work Plan Review | Apr-May 2003 | CLGI Team, LGAs & other stakeholders | Stakeholder participation in Work Plan |
| 3. | Second DFLGI Annual Report and Year 2 Work Plan Update | 15 Oct 2003 | CLGI Team, DLG/ USAID, UI, CI | Revised Work Plan for 2003/2004 |
| 4. | Internal USAID Evaluation | Oct-Nov 2003 | DLG/USAID, CLGI Team | Revised Work Plan for 2003/2004 |

## B. Foundation Development

One very important foundation development activity during Year 2 will be to formally register *Yayasan Inovasi Pemerintahan Daerah* as a legal institute under Indonesia law, a process to be completed by the end of December 2002.

In the process of registering the *Yayasan*, a founding Board will be identified consisting of two or three "champions" of Indonesian decentralization. This Board will be tasked to identify possible candidates for the *Yayasan's* three Boards – *Pembina*, *Pengurus* and *Pengawas*.

CLGI will explore mechanisms to sustain CLGI-initiatives in the regions given that the Center does not have the staffing capacity to position personnel for long periods of time outside of Jakarta. Therefore, CLGI will continue to explore entering into institutional relationships via subcontracts with qualified organizations in the regions. These can be local universities, NGOs, consulting firms or other professional groups with a proven track record. However, the Center will not enter into formal agreement with the Local Government Associations' regional network (KORWILs; KOMWILs).

USAID has funded two new decentralization initiatives, both expected to begin early November 2002. One is a decentralization policy initiative; the other is a basic education initiative. Since CLGI's long-term national Decentralization Policy Analyst position will now be filled by one of the new projects, CLGI will recruit a long-term national Local Government Evaluation Specialist, a position needed to fulfill the professional needs of the Center's long-term strategy.

The Local Government Evaluation Specialist will complement and work in coordination with the Decentralization Policy Specialist under the new USAID Decentralization Initiative, as well as work with the other professional long-term CLGI staff. The Scope of Work will include field research and surveys to evaluate local government performance on selected dimensions; provide this information to others who do policy studies, innovation projects, and documentation of best

practices for the Clearinghouse; assist other CLGI staff in designing and implementing research as part of their assignments; and conduct periodic measures of local government issues, services, socioeconomic conditions, and capacity-building needs of local governments.

CLGI can expect significant changes, impacts and benefits to accrue as a result of the Education Specialist (approximately 22 person-months) and the Decentralization Policy Specialist (approximately 22 person-months) being assigned to the CLGI Office. The presence of these professionals at CLGI will elevate the Center's profile.

The Decentralization Policy Specialist's work will contribute to the Center's portfolio, strengthening its ability to deal with relevant policy issues, especially those of a regional nature.

The Education Specialist's work will contribute to the Center's innovation identification and development process as well as dissemination of these innovations to participating local governments in a sector new to the Center. In addition the Education Specialist will put in place procedures for the local governments to adopt these innovations.

During Year 2 CLGI staff will prepare an organization development (OD) plan emphasizing the application of existing staff expertise on local government issues and problems and strengthening the bond created as a result of the Center's previous work with local governments. CLGI will provide financial technical support to them for strengthening their existing capabilities.

CLGI staff will engage in at least one team-based innovation project or study, in order to integrate staff capabilities and strengthen team relationships and skills.

Once the *Yayasan* is a legal Indonesian entity, it will begin to develop financial self-reliance. CLGI will also strengthen its accounting systems and will implement financial procedures according to Indonesian law. For example, as a *Yayasan*, the Center is a nonprofit organization subject to tax. As staff contracts with UI and CI come to an end, each employee will enter into new employment contracts with the *Yayasan*. CLGI will then start withholding income tax (PPh 21) on employee income.

The *Yayasan* will also be responsible for paying tax on office rental payments to the landlord (PPh 23) and tax on subcontracts with service providers (PPh 21 and PPh 23). CLGI will also prepare two financial/accounting reports, one for the DFLGI Project and one for the *Yayasan*. The financial report for the *Yayasan* will be used for tax purposes and for accountability to donor and institutional partners.

Since *Yayasan Inovasi Pemerintahan Daerah* will be a legally recognized foundation during Year 2, it will begin to develop financial self-reliance. Fundraising will be implemented through mutual cooperation between YIPD, local governments and the Local Government Associations by providing professional technical assistance and consultant services. YIPD will also continue to raise funds through donor agencies and the private sector.

During Year 2 ,a 501(c)(3) charitable organization will be established in the U.S. as a way to raise funds for the *Yayasan* ensuring its financial sustainability. Notables such as former

Ambassadors to Indonesia and respected senior Indonesians will be approached to sit on the U.S.-based organization's Board of Directors. A D.C.-based law firm with experience in setting up these types of entities will be approached. Their services are expected to cost between $15,000-20,000 and will require 6-8 months to fully execute.

CLGI will continue to function as the Secretariat for three coordinating groups – Local Government Association Coordinating Group; Local Government Participatory Planning Coordinating Group; Best Practices Coordinating Group.

Finally, CLGI will continue implementing its Local Government Roundtables, a forum for discussing the current situation of regional autonomy and sharing ideas for local government innovations. Combined with the CLGI Organization Development Plan for staff development, the Roundtables should produce timely and important innovation projects and studies. CLGI will invite other professionals and sponsors to participate in discussion of presenters' ideas.

The following table summarizes the various activities under the foundation development component.

**Table 2. Foundation Development**

| No. | Activities | Deadlines | Responsible Parties | Benchmarks |
|---|---|---|---|---|
| 5. | CLGI Working Group (POKJA) De-Activation | Oct 2002 | Hollenbeck; CLGI staff; LGAs | Paper produced on *Yayasan* Vision, Mission and Strategy |
| 6. | *Yayasan* Boards Identification & Formation | Jul-Dec 2002 | Hollenbeck; USAID | Boards formed |
| 7. | Recruit/Hire Foundation National Executive Director | Jan-Jun 2003 | Hollenbeck; Yayasan CLGI | Staff recruited |
| 8. | Prepare Organization Development Plan | Dec '02-Feb 2003 | Hollenbeck; CLGI staff | Plan produced |
| 9. | Foundation Staff Training | Oct '02-Sep 2003 | Hollenbeck; CLGI Training Specialist | Participant/ Instructor Evaluations |
| 10. | Prepare Resource Development Plan (Business Plan) including profit centers | Jan-Jun 2003 | Hollenbeck; CLGI staff | Plan produced |
| 11. | Foundation Establishment Dedication Ceremony | Dec 2002 | Hollenbeck; CLGI staff | Established *Yayasan* under Indonesian law |
| 12. | "Sister" Foundation in U.S. established | Jan-Jun 2003 | Hollenbeck; UI-D.C.; Chemonics PMU; | Fully operational 501(c)(3) charitable foundation in the D.C. area |

## C. Services & Products

It is expected CLGI will identify, develop and introduce a minimum of six (6) sustainable, replicable money-earning innovations during Year 2 -- two from each of the three CLGI professional staff (Local Government Management; Local Government Financial Management; Training).

1. Local Government Management Division

   a. Assistance: Performance Management

   Two innovations in Performance Management will incorporate minimum service standards (SPM), performance budgeting, and strategic development planning (PDPP) for improved performance of public services. Specifically regarding PDPP, there are three "pillars of development", namely health, education and economic growth. In this regard, CLGI will help local governments to take an integrated approach to managing infrastructure, economic and social development, regulation, and environmental protection.

   CLGI will also advocate that local governments utilize local, regional and national resources in their planning and operations.

   Targeted Regions

   Semester I:

   - City of Pontianak, West Kalimantan
   - Kabupaten Bangli, Bali
   - One local government in Sulawesi (see description in section 5. Inter-Division Collaborative Projects)

   Semester II:

   - Kabupaten Cianjur, West Java
   - Two local governments in Sulawesi (see description in section 5. Inter-Division Collaborative Projects)

   b. Seminar – Dissemination of Performance Management Models and Methods

   CLGI will draw on the lessons learned during the previous year from assistance to local governments for improving the performance of public services. It will offer guidance and supporting materials to interested local governments to enable their staff to improve the performance of their own public services. As part of its dissemination effort, CLGI will sponsor a national seminar entitled "Performance Management for Better Public Service Delivery" to be held in Jakarta June 2003.

The following table summarizes the Center's Local Government Management activities.

**Table 3. Performance Management Initiatives Funded by USAID, other Donors and Local Governments**

| No. | Activities | Deadlines | Responsible Parties | Benchmarks |
|---|---|---|---|---|
| 13. | Performance Management Technical Assistance<br>a. City of Pontianak<br>b. Kabupaten of Bangli | Apr '03 | Local Government Management Specialist, CLGI staff, and subcontractors and consultants | A report from each site that documents an improvement in performance management |
| 14. | Performance Management Technical Assistance<br>a. Kabupaten Cianjur | Oct '03 | Local Government Management Specialist, CLGI staff, and subcontractors and consultants | A report from the site that documents an improvement in performance management |
| 15. | Performance Management Seminar for Better Service Delivery, in Jakarta | Oct '03 | Local Government Management Specialist, CLGI staff, and subcontractors and consultants | A report that documents the design, materials, participants, and evaluations |
| 16. | Performance Management Technical Assistance<br>a. One local government in Sulawesi (with CIDA) | Apr '03 | Local Government Management Specialist, CLGI staff, and subcontractors and consultants | A report from the site that documents an improvement in performance management |
| 17. | Performance Management Technical Assistance<br>a. Two local governments in Sulawesi (with CIDA) | Oct '03 | Local Government Management Specialist, CLGI staff, and subcontractors and consultants | A report from each site that documents an improvement in performance management |

2. Local Government Financial Management Division

Three innovations in local government finance will be provided: Property Asset Management, Performance Budgeting, and Financial Statements. The Center's Local Government Financial Management Division will also implement a seminar covering the opportunities, risks and management of on-lending and will produce a number of publications.

Time permitting, CLGI's Local Government Financial Management Division will also address the following financial issues: (1) intergovernmental grants (DAU; DAK), (2) budgeting and business planning, (3) expenditure tracking, (4) accountability, (5) revenue assignment (shifting revenue centers to local level), and (6) expenditure assignment (shifting cost centers to local level).

a. Assistance: Property Asset Management

With the objective of transforming local government property assets from loss-making to profit-making, assistance will be delivered to one client in Semester I, in cooperation with a local university. Assistance will take the form of training and research, and will leverage strongly from the previous two projects, completed in Semester II, 2002. Cooperation with a local university entails both training and research parts and is meant to embed the knowledge and skills in local resource institutions.

Targeted Regions:

Semester I:

- City of Manado, North Sulawesi (Phase II, contingent upon adequate commitment from the local government)
- Kabupaten Sleman, Central Java (final part of Phase I in Jan 2003, Phase II depending on request from the local government)
- One local government in Sulawesi (see description in section 5. Inter-Division Collaborative Projects)

b. Assistance: Performance Budgeting

Implementing Government Regulation No. 105/2000 on performance budgets and linking it with Minister of Home Affairs Decree No. 29/2000 on annual budgets is a challenge for many local governments. In conjunction with USAID's plan to institutionalize BIGG Performance Budgeting activities, CLGI will commence providing assistance in developing capabilities in local governments to draft and implement performance budgets by leveraging BIGG's experiences. Application of performance budgeting is expected to increase financial and managerial accountability for funds allocation and utilization by local governments.

Targeted Regions:

Semester I:

- One local government in Sulawesi (see description in section 5. Inter-Division Collaborative Projects)

Semester II:

- Kabupaten Bojonegoro, East Java (joint effort with ExxonMobil; see description in section 5. Inter-Division Collaborative Projects)

c. Assistance: Financial Statements

As stipulated in Government Regulation No. 105/2000, local governments are expected to issue financial statements periodically. These financial statements will mainly serve as financial management tools. It will enable Local government managers to monitor and improve Local government financial performance. It will enable legislators and general public to gain better insights on Local governments financial standings. It will also increase Local government creditworthiness, with a provision that the local government

can present sound financial numbers and account for them in line with generally accepted accounting practices for government institutions. CLGI will embark on providing assistance for local governments to develop their financial statement in semester II 2002.

Targeted Region:
Semester II:
- One local government in Sulawesi (see description in section 5. Inter-Division Collaborative Projects)

d. Seminar: On-Lending – Opportunities, Risks, and Management (joint effort with the Center's Training Division)

This seminar, planned for May 2003 in Jakarta or another area where successful project finance has taken place, will build on work done recently in capital finance by USAID and aims to provide better understanding of the On-Lending Facility, opportunities for local governments, risk management at both national and local levels, and guidance for local governments to utilize this facility through an "accountable" process. The presenters will be Ministry of Finance officials and international project finance advisors and officials from one or more local governments with best practices on project finance. The format will be one day for policy presentations and discussions and a one-day field visit with facility documentation/process review.

Funding: self-funding by participants (a minimum of 80%); CLGI (a maximum of 20%)

e. Publications

The objective is to strengthen CLGI's position as a resource for local government innovation. Publication topics will be determined in consultation with the University of Indonesia's FIKB Editorial Team. The plan is generate one article for publication in each FIKB quarterly magazine issue.

The following two tables summarize the Center's Local Government Financial Management activities funded by USAID, other donors and Local Governments.

**Table 4. Financial Management Initiatives Primarily Funded by USAID and Local Governments**

| No. | Activities | Deadlines | Responsible Parties | Benchmarks |
|---|---|---|---|---|
| 18. | On-Lending Seminar | May '03 | Local Government Financial Mgmt Specialist, CLGI staff, and subcontractors and consultants | A report that documents the design, materials, participants, and evaluations |

**Table 5. Financial Management Initiatives Funded by USAID, other Donors and Local Governments**

| No. | Activities | Deadlines | Responsible Parties | Benchmarks |
|---|---|---|---|---|
| 19. | Property Asset Management a. One local government of Sulawesi (with CIDA) | Apr 2003 | Local Government Financial Mgmt Specialist, CLGI staff, and subcontractors and consultants | A report from each site that documents an improvement in property asset management |
| 20. | Property Asset Management a. One local government of Sulawesi (with CIDA) | Oct 2003 | Local Government Financial Mgmt Specialist, CLGI staff, and subcontractors and consultants | A report from each site that documents an improvement in property asset management |
| 21. | Performance Budgeting a. One local government of Sulawesi (with CIDA) | Apr 2003 | Local Government Financial Mgmt Specialist, CLGI staff, and subcontractors and consultants | A report from each site that documents an improvement in performance budgeting |
| 22. | Performance Budgeting a. Kabupaten Bojonegoro (with Exxon Mobil) | Oct 2003 | Local Government Financial Mgmt Specialist, CLGI staff, and subcontractors and consultants | A report from each site that documents an improvement in performance budgeting |
| 23. | Financial Statements assistance for one local government in Sulawesi (with CIDA) | Oct 2003 | Local Government Financial Mgmt Specialist, CLGI staff, and subcontractors and consultants | A report from each site that documents an improvement in financial statements |

3. Training Division

In Year 2 the Training Division will continue initiatives for local governments begun in Year 1 in Performance Management and Asset Management (see program descriptions in the Local Government Management and Financial Management sections above) and offer two innovations in Management of Change and in Gender Balance.

a. Assistance: Supporting the Local Government Management Division to disseminate its programs

i. Support for the Local Government Management Division to disseminate its program in Performance Management through training

Targeted Regions:
Semester I:
- City of Pontianak (2 trainings) and Kabupaten Bangli

Semester II:
- One local government in Sulawesi (see description in section 5. Inter-Division Collaborative Projects)

Funding Sources:
- Pontianak: the local government will finance all training cost except the costs of CLGI trainers.
- Bangli: the local government will provide Rp20 million; CLGI will provide Rp40 million.
- Sleman: participants will fund a minimum of 40%; CLGI a maximum of 30%; other sources are expected to contribute a minimum of 30%.
- Sulawesi: participants will fund a minimum of 30%; CLGI a maximum of 30%; CIDA will contribute a minimum of 40%.

ii. Improving the Performance Management Certification Program with the objective of developing performance management professionals who will be able to help local governments measure and improve the performance of their public services.

Targeted Regions:
Semester II (tentative):
- Sleman or Jakarta

b. Assistance: Supporting the Local Government Financial Management Division to disseminate its programs

i. Asset Management – the management of property assets as an investment portfolio

Targeted Regions:
Semester I (tentative):
- Participants from regions to be determined by IHS, CLGI and FIKB
- One local government in Sulawesi

Funding Sources:
- IHS/FIKB/CLGI Training: participants will fund a minimum of 40%; CLGI a maximum of 20%; other sources will contribute a minimum of 40%.

- Sulawesi: participants will fund a minimum of 20%; CLGI a maximum of 30%; CIDA will contribute a minimum of 40%.

ii. Municipal Finance/Performance Budgeting drawing on the model and methods of the BIGG Project

Targeted Regions:
Semester II:
- Participants from regions to be determined by IHS, CLGI and FIKB

Funding Sources:
- IHS/FIKB/CLGI Training: participants will fund a minimum of 40%; CLGI a maximum of 20%; other sources will contribute a minimum of 40%.

iii. On-Lending Seminar – Opportunities, Risks, and Management

Targeted Regions:
Semester II (tentative)
- Jakarta, or another location where a local government has successful project experience

Funding Sources:
- Seminar: participants will fund a minimum of 40%; CLGI a maximum of 20%; other sources will contribute a minimum of 40%.

c. Assistance: Develop new initiatives for local governments in Year 2, with the collaboration of partners.

The objective of this assistance is to increase the availability of training resources to local governments through strategic alliances with private businesses and NGOs in which CLGI provides information about critical issues of local governments, effective approaches to address them, and jointly-offered services. Potential allies include Integre Quadro, ICWIP, IHS, IPGI, and FIKB, all of which have expressed interest in working with the Center in the local government capacity-building effort.

i. Change Management, to move from standard operating policies, structures, practices, and procedures, to developmental strategies that address organizational issues and goals articulated by local officials, legislators, and their communities. Offered in collaboration with Integre Quadro.

Targeted Regions:
Semester I:
- Sukabumi, West Java

Semester II:
- Bangka-Belitung, Sumatra

Funding Sources:

- Sukabumi/Bangka-Belitung: the local governments will finance a minimum of 50%; CLGI a maximum of 10%; the private sector will contribute a minimum of 40%.

ii. Gender Issues, i.e., Gender Budgeting and Gender Analysis, to ensure the optimal mobilization of human resources at all levels and sectors of the organization, regardless of their gender. The program will be jointly sponsored with the Indonesian Center for Women in Politics.

Targeted Regions:

Semester I:

- Jakarta

Semester II:

- One kabupaten/kota in Sulawesi or Papua (see description in section 5. Inter-Division Collaborative Projects)

Funding Sources:

- Jakarta: the Partnership for Governance Reform in Indonesia will finance a minimum of 60%; CLGI a maximum of 10%; The Asia Foundation will contribute a minimum of 30%.
- Sulawesi/Papua: the local governments will finance a minimum of 20%; CLGI a maximum of 20%; CIDA will contribute a minimum of 30%.; other donors will contribute a minimum of 30%.

d. Internal: Organize professional development training needed by CLGI staff to enhance their capabilities and performance and advanced training in areas of staff specialization

Targeted Regions:

Semester I: Continuing

- CLGI

Semester II: Continuing

- CLGI

e. Strategy for Service Delivery

Establishment of sustainable training services, i.e., training needs assessment and training programs, through partnerships with local government associations and other organizations, marketing through websites, newsletters, and other promotional vehicles, and recovery of costs through participant fees and/or contracts for each service. The target market for this commercial service will be the wealthier provinces/regions as well as local governments with donor sponsorship.

**Table 6. Training Initiatives Primarily Funded by USAID and Local Governments**

| No. | Activities | Deadlines | Responsible Parties | Benchmarks |
|---|---|---|---|---|
| 24. | Performance Management Pontianak I and II, and Bangli | Semester I | Training Specialist, LG Management Specialist, CLGI staff, subcontractors and consultants | A report for each program containing training designs, materials, participant names, evaluations, and PM documents |
| 25. | Performance Management Certification Training, in Sleman or Jakarta | Semester II | Same as above | Same as above |
| 26. | Asset Management | Semester I | Training Specialist and LG Finance Specialist, CLGI staff, IHS, and FIKB | A report for each program containing training designs, materials, participant names, evaluations, and PM documents |
| 27. | Performance Budgeting | Semester II | Training Specialist and LG Finance Specialist, CLGI staff, IHS, and FIKB | A report for each program containing training designs, materials, participant names, evaluations, and budget documents |
| 28. | On-Lending Seminar | End of Semester II | Training Specialist, Local Government Finance Specialist, CLGI staff, and subcontractors and consultants | A report that documents the design, materials, participants, and evaluations |

**Table 7. Training Initiatives Funded by USAID, other Donors and Local Governments**

| No. | Activities | Deadlines | Responsible Parties | Benchmarks |
|---|---|---|---|---|
| 29. | Performance Management Training, for a Sulawesi local government, with CIDA | Semester II | Training Specialist, Local Government Management Specialist, CLGI staff, and subcontractors and consultants | A report for each program containing training designs, materials, participant names, evaluations, and PM documents |
| 30. | Property Asset Management Training, with IHS and FIKB | End of Semester I | Training Specialist, Local Government Finance Specialist, CLGI staff, and IHS/FIKB | A report for each program containing training designs, materials, participant names, evaluations, and AM documents |
| 31. | Municipal Finance/Performance Budgeting Training, with IHS and FIKB | End of Semester II | Training Specialist, Local Government Finance Specialist, CLGI staff, and IHS/FIKB | A report for each program containing training designs, materials, participant names, evaluations, and budget documents |
| 32. | Change Management, with Integre Quadro in Sukabumi | End of Semester I | Training Specialist, CLGI staff, and subcontractors and consultants | A report that documents the Change Management process and results, participants, and their evaluations |
| 33. | Gender Issues Program, with ICWIP, in Jakarta | End of Semester I | Training Specialist, CLGI staff, and ICWIP | A report that documents the training design, materials, participants, and evaluations |
| 34. | Gender Issues Program, with ICWIP, for a kabupaten or city in Sulawesi or Papua, with CIDA or the Bird's Head Alliance | End of Semester II | Training Specialist, CLGI staff, and ICWIP | A report that documents the training design, materials, participants, and evaluations |

4. Local Government Evaluation (Evaluation, Forecasting, "Futuring")

During Year 2 CLGI will initiate four studies and processes that strengthen its contribution to innovation and best practices in local governments.

During the first half of Year 2 the Local Government Evaluation Specialist will conduct a survey and mapping study of all Indonesian local governments to identify each local government of Indonesia at the provincial, kabupaten, and city level, its key elected and key appointed officials, the kinds and amounts of revenues it receives, the services it offers, the kinds and amounts of donor assistance it is given, and the innovations, best practices, and lessons learned it reports

accomplishing under the conditions of regional autonomy established in 2001. The results of this study will be made available to local governments and others who assist them. The results will also assist CLGI to target its assistance on local governments that lack technical assistance, have expressed a need, and have demonstrated a capacity to innovate and improve the performance of its public services.

During the second half of Year 2 the Local Government Evaluation Specialist will lead a team of experts in the definition of standards for best practices that can be used to evaluate the significance of best practices reported by local governments and others who assist them. This activity will be carried out in collaboration with potential partners including the University of Indonesia and Forum Inovasi Kepemerintahan yang Baik (FIKB).

During the first half of Year 2 the Center's Director of Technical Services will lead a team of experts, practitioners, advocates, and opinion leaders in a forecasting survey of a cross section of local governments of the major regions that identifies emerging issues, opportunities, threats and needs of local governments over the next one to five years. Understanding of these trends and events will guide future innovation efforts at CLGI, and a report of findings will be circulated to donors, experts, and advocates of local government in Indonesia.

During the second half of Year 2 the Director of Technical Services will lead a team of CLGI staff, experts, and advocates in the analysis of one of the findings from the forecasting survey and develop in one representative local government a policy, model, system, practice, and/or technology for improvement of performance of public services by local governments and/or responsiveness and accountability to their citizens. The intention of this exercise is to establish an inductive process at CLGI for innovation that creates rather than adapts or applies existing models or best practices to improvement of local government. This process can become part of the core competence of CLGI to lead and respond to its clients and partners.

**Table 8. Local Government Evaluation Initiatives**

| No. | Activities | Deadlines | Responsible Parties | Benchmarks |
|---|---|---|---|---|
| 35. | Mapping Study | End of Semester I | Evaluation Specialist | Report of Completed Mapping Study |
| 36. | Best Practices Standards | End of Semester II | Evaluation Specialist, CLGI Staff, and Experts | Report of Best Practices Standards |
| 37. | Forecasting Study of Emerging Issues, Opportunities, Threats, and Needs of Local Government | End of Semester I | Director of Technical Services, CLGI Staff, and Consultants | Report of Forecasting Findings |
| 38. | Innovation to Address One Finding of the Forecasting Study | End of Semester II | Director of Technical Services, CLGI Staff, and Consultants | Report of Innovation Models, Results, and Process Employed |

5. Inter-Division Collaborative Projects – Beyond the USAID Budget

a. Canadian Government/Canadian International Development Agency – Sulawesi Island

CLGI and the Canadian Government/CIDA will sign a cooperation agreement to deliver decentralization assistance to selected local governments in Sulawesi. CIDA committed to fund projects staffed by CLGI up to the amount of C$ 50,000 (approx. US$ 33,000). These projects in Sulawesi will run for about 10 months commencing March 2003.

CLGI's technical team representing all four divisions (local government management, financial management, training, and evaluation) will jointly work on this cooperative CIDA initiative. The project will start with pre-selecting a minimum of fifteen local governments followed by sending invitation for proposals. Based on the local government proposals received, a joint CLGI/CIDA selection committee will evaluate the proposals and decide which five (5) local governments will receive assistance and establish a time frame for technical assistance. Pre-selection of local governments and distribution do invitation for proposals will take place early January 2003.

Once evaluation and selection are completed, CLGI's technical team will deliver assistance in their respective fields as explained in points 1 through 4 above.

b. USAID-BP-DfID Collaboration: The Bird's Head Alliance

CLGI will follow up on the USAID-BP-DfID Bird's Head Alliance to support local governments in Bird's Head region of Papua. As stipulated in the alliance document, CLGI technical staff will jointly design and run various assistance projects for the Bird's Head region by capitalizing on CLGI's competencies in local government management, financial management and training. Once the green light is given by USAID-BP-DfID, CLGI will commence conducting surveys determining the technical assistance needs and methods for delivering the assistance based on the demands of the respective local governments. It is expected that CLGI's technical team will commence work during the 2nd Semester of 2003.

c. ExxonMobil – Kabupaten Bojonegoro, East Java

CLGI's technical team will initiate discussions with senior ExxonMobil officials in Jakarta and will submit a proposal to the company suggesting CLGI undertake a diagnostic review of governance and development issues in the Kabupaten of Bojonegoro, East Java. CLGI is optimistic that the proposal will be approved and looks forward to starting the proposed five-day diagnostic work during the 1st Semester of 2003. It is expected that this diagnostic work, a joint effort of all CLGI technical staff, will generate a longer-term commitment from the company for a sustained program.

## D. Communications

### The Innovations and Best Practices Clearinghouse

During Year 2 the Clearinghouse Division will collect and administer information about innovations and best practices in local governance, including the development of a database for administration of the information. Dissemination of the material will be passive until there is enough information to warrant active use by those interested in local government.

Work planning is divided in seven parts: library, acquisitions, clippings, database, publications, website, and dissemination. Each part of the work plan is described below.

1. Library - Two types of materials will be collected and placed in the library for circulation to staff and visitors: unpublished "grey literature" and publications. All materials will be selected on the basis of their usefulness to professionals, including CLGI staff, who are developing and disseminating innovations and best practices in local governance. Materials will be checked out only to staff, while visitors may use the materials in the library or make copies to be used elsewhere. The Information Specialist/Librarian will operate and maintain the WINISIS system for classification and tracking of materials in the library. She will also assist staff and visitors to use all services of the library.

2. Acquisitions - Selection and acquisition of "grey literature" and publications for the library will be the responsibility of the CLGI technical staff and the Information Specialist/Librarian. A strategy will be developed jointly for the acquisition of materials.

3. News Clippings - The Jakarta Clipping Center will select news articles from national and local media that are relevant to innovations and best practices in local government. It will forward them to the Clearinghouse library, for use by staff and visitors.

4. Database - The Information Specialist/Librarian will upload the computer database of innovations and best practices, research reports, concept papers and other relevant electronic files to the database. She will operate and enhance the database as a system, as well as enter and retrieve electronic documents for users.

    a. Data Processing System - The database will be configured and modified as necessary to incorporate all types of information acquired for the Clearinghouse.
    b. Data Collection - Electronic documents will be obtained or made from hard copies that originate in provincial, kabupaten, and city governments, research and training centers, associations, NGOs, experts, and donors.
    c. Directories of local governments, donors, experts, and others active in improving governance at the local level will also be created and maintained by the Information Specialist/Librarian.

5. Publications - The Information Specialist/Librarian will responsible for administration of the CLGI Newsletter and other publications that the Center issues, in coordination with

the Local Government Evaluation Specialist serving as the Editorial Director, and the CLGI Technical Staff. The Newsletter will be published quarterly. The Information Specialist/Librarian will develop and maintain mailing lists, receive and process orders for materials and payments, in coordination with the CLGI Finance Manager and the Office Assistant.

6. Website - During the first semester of the Work Plan, emphasis will be on acquiring and uploading useful documents, news, and directories to the website. During the second semester the emphasis will shift developing and supporting users working for and with local governments.

7. Dissemination and Marketing of Information - Requests for information directed to resourcenter@clgi.or.id, as well as those arriving by mail, telephone, and fax, will receive a response by the Information Specialist/Librarian. As the information available from the Clearinghouse becomes large enough to be a substantial resource for local governments and all those assisting them, dissemination and marketing strategies will be devised.

The table below summarizes the various activities under the communications component.

**Table 9. Communications Initiatives**

| No. | Activities | Deadlines | Responsible Parties | Benchmarks |
|---|---|---|---|---|
| 39. | Establishment of the Library as a resource center for LG innovations and best practices | End Semester 1 | Information Specialist | Over 300 hard copy books, reports, etc., in circulation |
| 40. | Library in active use by local governments, associations, donors, experts, et al. | End Semester 2 | Information Specialist and CLGI Staff | Over 100 active users of the library and its services |
| 41. | Acquisitions | End Semester 2 | Information Specialist and CLGI Staff | Over 600 volumes acquired in Year 2 |
| 42. | News Clippings | End Semester 2 | Information Specialist and Clipping Service | Clippings from over 30 news periodicals from all regions of Indonesia on file |
| 43. | Database | End Semester 2 | Information Specialist | Over 300 documents in the database |
| 44. | Publications<br>Newsletter<br>Sale of Published Books and other Printed Materials | End each Quarter<br>End Semester 2 | Information Specialist, Editorial Director, and CLGI staff | 4 editions of the Newsletter, sent to over 1000 readers |
| 45. | Website<br>Uploading files<br>Active Usage | End Semester 1 | Information Specialist | <br>100+ files uploads<br>1000 hits by users |
| 46. | Dissemination and Marketing | End Semester 2 | Information Specialist and CLGI Staff | One Dissemination and Marketing Strategy being implemented |

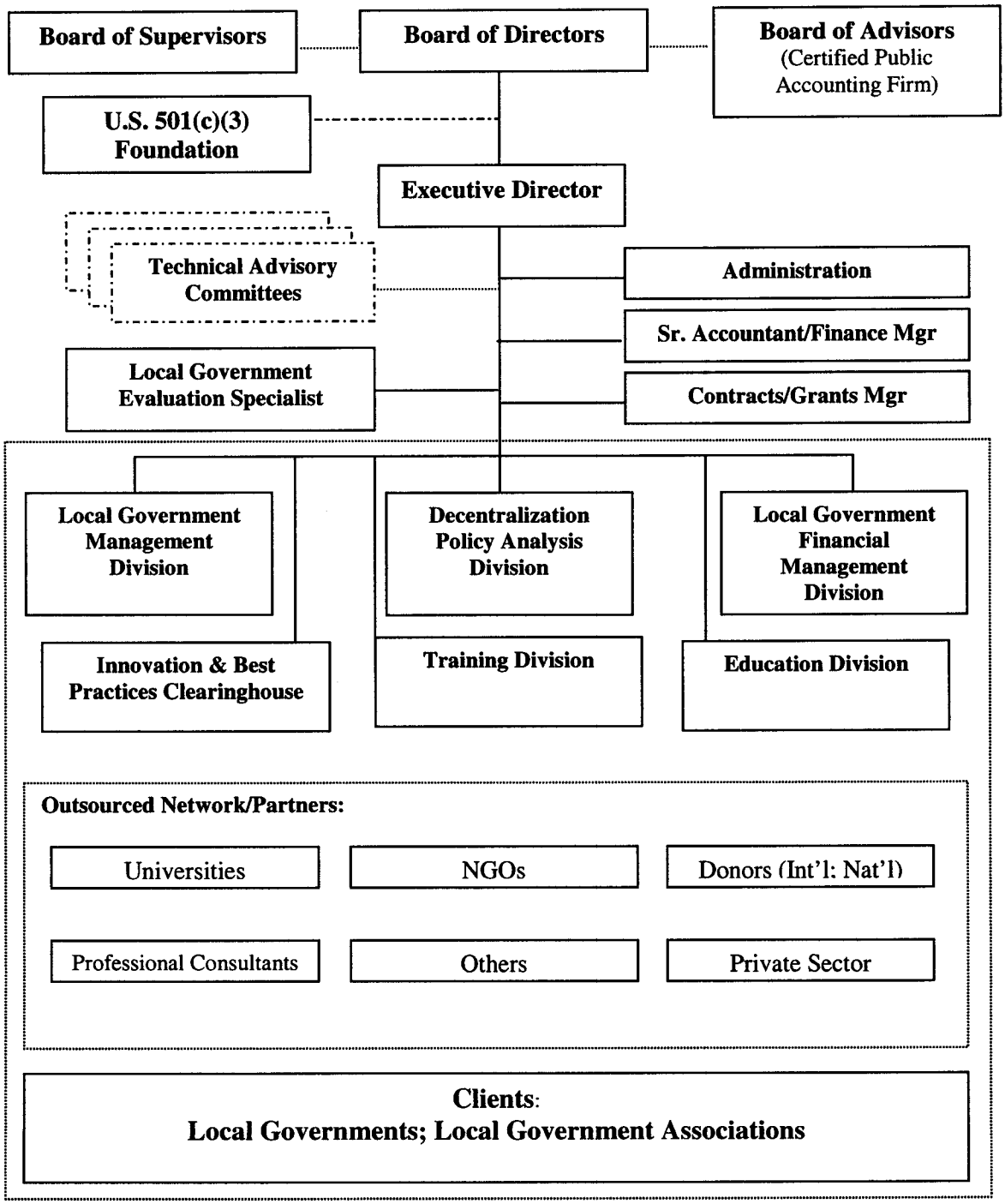
## V. Expected Outputs/Deliverables

All Project activities during the twelve months (October 2002 through October 2003) will be implemented with the objective of a timely achievement of Year Two Project Status deliverables. These include, but are not necessarily limited to:

- A formally and legally registered *Yayasan* (*YayasanInovasi Pemerintahan Daerah*) as a legal Indonesian foundation with three foundation Boards in place and fully staffed.
- A Foundation organizational development plan in place, approved by the Foundation's Board of Directors, to guide the organization's development over the medium term.
- A Foundation Business Plan detailing a program for generating revenues and containing costs leading to a financially sustainable organization.
- At least one contract/agreement with a company in the private sector, which will provide funding to CLGI for undertaking decentralization initiatives in selected region(s) in the country.
- At least one contract/agreement with an international donor, which will provide funding to CLGI for undertaking decentralization initiatives in selected region(s) in the country.
- A functioning charitable, non-profit 501(c)(3) organization established in the U.S.
- Two (2) innovations in performance management.
- Three (3) innovations in asset/financial management.
- Two (2) innovations, one each in change management and gender balance.
- Four (4) studies in the following areas: mapping of local governments; best practices standards; forecasting survey/study; and one innovation of one finding from the forecasting study.

# Annex A

## Structure/Organization
## The Center for Local Government Innovation
**(Yayasan Inovasi Pemerintahan Daerah)**
**(CLGI)**



# Annex B

## CLGI Projected Budget

| SALARIES & WAGES | MONTHLY | ANNUAL |
|---|---|---|
| **A. PROFESSIONAL STAFF** | 189,982,500 | 2,279,790,000 |
| *Merit increase 5%* | *9,499,125* | *113,989,500* |
| | **199,481,625** | **2,393,779,500** |
| **B. ADMIN STAFF** | 13,085,900 | 157,030,800 |
| *Merit increase 5%* | *654,295* | *7,851,540* |
| | **13,740,195** | **164,882,340** |
| **TOTAL SALARIES & WAGES** | | |
| **OTHER DIRECT COSTS** | | |
| - In-Country Travel | 25,000,000 | 300,000,000 |
| - Perdiem | 20,000,000 | 240,000,000 |
| - Medical Exams | 2,500,000 | 30,000,000 |
| - Communications & Delivery | 10,000,000 | 120,000,000 |
| - Equipment maintenance & Leasing | 3,000,000 | 36,000,000 |
| - Legal Costs/Insurance | 3,250,000 | 39,000,000 |
| - Reproduction | 1,000,000 | 12,000,000 |
| - Bank Charges | 300,000 | 3,600,000 |
| - Expendable Supplies | 6,500,000 | 78,000,000 |
| - Vehicle maintenance & fuel | 1,500,000 | 18,000,000 |
| - Vehicle leasing (2 cars) | 6,500,000 | 78,000,000 |
| - Office Guard Services | 2,925,000 | 35,100,000 |
| - Office Rental | 20,025,000 | 240,300,000 |
| - Office Utilities & Maintenance | 3,500,000 | 42,000,000 |
| - Translation/Editing | 2,500,000 | 30,000,000 |
| - Meeting Expenses | 3,000,000 | 36,000,000 |
| | **111,500,000** | **1,338,000,000** |
| **TOTAL (Rp)** | **324,721,820** | **3,896,661,840** |
| **TOTAL (US$)** | **36,486** | **437,827** |

* Exchange rate US$1 = Rp 8,900

# Annex C

## CLGI Institutional Coordination Efforts

The Center is "selling sustainability"...the establishment of a Center that, through its clearinghouse function, will be able to collect, house, re-formulate and disseminate innovations/best practices throughout Indonesia on a sustainable basis.

The following non-inclusive list represents recent CLGI efforts at establishing coordination/cooperative links with a number of various institutions involved with various decentralization initiatives.

### I. Local Government Associations

1. APPSI
2. APKASI
3. APEKSI
4. ADKASI
5. ADEKSI

### II. International Multi-lateral Institutions

6. ADB
   - Sustainable Capacity Building for Local Government Decentralization Project – a 5-year, US$ 30.0 million loan project.
   - Capacity Building in Urban Infrastructure Management (CBUIM) Project (Loan 1572-INO).

7. World Bank
   - ILGR (formerly Kabupaten Governance and Reform Initiatives Project (K-GRIP)
   - Urban Local Governance Reform (ULGR) Project.

8. UNDP

### III. NGOs

9. POLWATCH
10. Pact/DINAMIS
11. IHS (Institute for Housing and Urban Development Studies)
12. The Asia Foundation
13. IPGI (Indonesian Partnership on Local Governance Initiatives)
14. FIKB (Forum Inovasi Kepemerintahan yang Baik)
15. ICWIP (Indonesian Center for Women in Politics)
16. IDP Education Australia
17. USINDO (US-Indonesia Society)

## IV. International Bi-lateral Developing Agencies

18. DfID (Department for International Development)
19. USAID
    - BIGG-Budget Project
    - BIGG-Associations
    - BIGG-Resource Cities
    - PERFORM
20. CIDA
21. AusAID

## V. Private Sector

22. ExxonMobil
23. Chevron Caltex
24. BP
25. Cargill
26. Integre Quadro
27. GTZ
28. PTFI (Freeport)

# Annex D

# CLGI STAFF TRAINING AND ORGANIZATION DEVELOPMENT: YEAR 2

## Training and Professional Development

CLGI will strengthen the capabilities of its staff through the following training and professional development activities during Year 2. Training sessions will be scheduled throughout the year

1. Coaching, conferences, workshops, seminars, courses, and enrichment activities in each staff member specialization area throughout the year as appropriate and feasible:
    a. Local Government Management
    b. Local Government Financial Management
    c. Training
    d. Education
    e. Decentralization Policy Analysis
    f. Local Government Evaluation
    g. Information
    h. Office Management
    i. Accounting and Finance
    j. Contracts and Grants

2. Human relations training for all staff:
    a. Experiential Learning Skills
    b. Planned Change strategies
    c. Personal and Interpersonal Skills
        i. Motivation
        ii. Empowerment
        iii. Communication/feedback
        iv. Interviewing
        v. Problem-solving
        vi. Decision-making
        vii. Creativity/Innovation
        viii. Role Analysis
        ix. Leadership
        x. Negotiation
        xi. Conflict Management
        xii. Coaching and Mentoring
        xiii. Process Consulting
        xiv. Gender Awareness
3. Performance Improvement
4. Project Management

**Team Development**

Complementing the professional and human relations training and focusing on the work of CLGI consulting teams will be team development activities. The effectiveness of teams will be increased to enhance their individual contributions to the work product and the work products that are produced jointly. These activities will accompany teamwork on specific CLGI innovation projects and training programs. Among the first team-based projects are expected to be the local government projects that are sponsored by CIDA with and for local governments of Sulawesi.

5. Team Development
    a. Group Maintenance Norms and Roles
    b. Shared Team Leadership Roles
    c. Shared Accountability
    d. Stages of Group Development
    e. Modes of Group Behavior
    f. Disclosure and Feedback
    g. Facilitation/Gate keeping
    h. Building Trust and Openness
    i. Team Goal-setting and Planning
    j. Team Problem-solving and Decision-making
    k. Brainstorming and Synergy
    l. Joint implementation
    m. Building Effective Self-managed Teams
    n. Inter-group/Inter-team Relations
    o. Monitoring and Evaluation of Team Effectiveness

**Organization Development**

During Year 2 CLGI will transition from organization and management as a USAID project to become an autonomous Indonesian foundation. In addition to the legal, administrative and tax changes that are entailed, the organization must change in other ways: culture and structure; allocation of authority; responsibility and accountability; job design and performance appraisal, performance incentives and sanctions; planning of services and strategies; relations with clients, sponsors, governing boards, and other stakeholders; market opportunities and competitive advantage; revenues and cost structures, and financial management for sustainability.

A key event in the transition will be the selection of an Indonesian Executive Director. He or she will review the current situation and directions with the governing boards, staff, sponsors, clientele, and expatriate advisors. The expatriate advisors will offer guidance throughout this process. The review will conclude with revisions in the existing order and charting of future directions. The expatriates will move from management to advisory roles and the Indonesian foundation will be fully established.

In order to facilitate the transition from USAID project to Indonesian foundation, an Organizational Transformation process will take place. It will consist of the following components:

6. Organization Transformation
    a. Determination of the strategy for change: evolution or sudden transformation, collaborative or directive.
    b. Examination of organization culture: values, beliefs, and norms-- in terms of what's important and urgent, and what gets done, how, by whom, and why;
    c. Examination of organization strategy: stakeholders, vision, mission, mandates, strengths, weaknesses, opportunities, threats, goals and objectives, services, action plans, delivery and support systems, evaluation and feedback;
    d. Clarification of the organization's theory of action and current practice: how should and does the organization seek and choose opportunities, create and provide programs and services that have a desirable impact, respond to conditions of success or failure; and change its programs and services over time.
    e. Clarification of organization structure and allocation of tasks, authority, responsibility, and accountability
    f. Summary description of the history and current state of the organization
    g. What is working and what is not
    h. Agreement on important values, beliefs, norms
    i. Create a preferred vision of the future
    j. Revise, replace, or confirm current strategy, work plan, and underlying theory of action.
    k. Establish parallel organizations within the Foundation: a project organization to complete the requirements of the USAID contract and then phase out, and a new permanent organization to manage the Foundation as an independent entity, responsible to its boards of directors and other stakeholders
    l. Design a performance measurement, monitoring, and evaluation system for the strategy and work plan
    m. Implement and evaluate

7. Methods and techniques for organization transformation
    a. Stakeholder surveys and feedback
    b. Organization mirror/fish bowl events to allow feedback indirectly from surveys and directly from stakeholders to the organization members, and for organization members to ask questions for clarification of feedback
    c. Preferred "Futuring" process, drawing on the work of Lippitt, Lindaman, Weisbord, and Dannemiller